Transportation

Annual Report
2013-2014

Alberta
Government

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 19 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the consolidated financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On December 6, 2013, the government announced new ministry structures. The 2013-14 ministry annual reports and financial statements have been prepared based on the new ministry structure.

This annual report of the Ministry of Transportation contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the Department of Transportation, and the Alberta Transportation Safety Board for which the Minister is responsible;**
- **other financial information as required by the *Financial Administration Act* and *Fiscal Management Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.**

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2014, was prepared under my direction in accordance with the *Fiscal Management Act* and the government's accounting policies. All of the government's policy decisions as at June 2, 2014 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Wayne Drysdale]

Honourable Wayne Drysdale
Minister of Transportation

Message from the Minister

Our provincial transportation network supports Albertans' quality of life every day, connecting them to families and communities, helping them safely reach their destinations more efficiently, and enhancing the movement of goods and services as we improve market access. In 2013-14 the Ministry continued Building Alberta by delivering a strong transportation system enabling Albertans to thrive today and plan for future prosperity.

A well-integrated transportation system that connects different modes of transport supports Alberta's expanding economy and increasing population. The Ministry put this support into action with work on projects that enhance strategic routes and maximize economic opportunities. This past year saw construction get underway on massive twin bridges that will stretch over the North Saskatchewan River as part of the northeast leg of Anthony Henday Drive in Edmonton, the new 25-kilometre six-lane Southeast Stoney Trail in Calgary open, and the Government of Alberta and Tsuu T'ina Nation sign a historic agreement setting the groundwork for the land transfer as we move forward building the final leg of Calgary's ring road. We demonstrated our government's commitment to economic growth and public safety by making significant progress on twinning Highway 63, with more than 60 per cent of the 240 kilometre project from Grassland to Fort McMurray under construction this year to meet the fall 2016 twinning schedule.

The Ministry also delivered steadfast support in response to the devastating flooding across Southern Alberta. Our immediate response re-established access to the TransCanada Highway at Canmore where gaping holes and rushing flood water had existed less than one week prior, repairing a vital link for local residents, Albertans and Canadians. In the longer term, through the hard work of staff, contractors and municipalities, months of rebuilding helped Albertans get their lives back to normal and fortified key transportation infrastructure against future flood events.

To ensure Alberta's transportation network meets future demands, the Ministry continued to develop the Transportation Strategy, which will provide direction for transportation investments, policies and programs to serve Alberta's long-term needs and help enable this province's continued growth and success. This year included public consultations in 18 communities throughout Alberta.

A key component of government's $1.4 billion total investment in Alberta's highway network this year was cost-effective and strategic preservation of the existing provincial highway network. By investing wisely to protect Alberta's valuable transportation infrastructure, the Ministry supports long-term fiscal sustainability. Progress included the paving and expansion of more than 430 kilometres of highway throughout the province and the completion of 12 bridge replacement projects, including the opening of the new TransCanada bridge in Medicine Hat.

The Ministry and government promote local transportation infrastructure priorities through municipal grant programs, including $216 million in GreenTRIP funding for sustainable public transit initiatives such as improvements for light rail transit networks in Edmonton and Calgary, nearly $250 million through the Basic Municipal Transportation Grant Program supporting a well-developed and balanced regional-provincial transportation network, and almost $79 million for water and wastewater treatment projects.

The Ministry also continues to create awareness and education programs supporting improved traffic safety through the Alberta Traffic Safety Plan. This includes support for the ongoing work of 13 Regional Traffic Safety Consultants and 95 Traffic Safety Committees. Furthering our commitment to the safety of families and communities, the Ministry put forward Bill 32, the *Enhancing Safety on Alberta Roads Act*, which lays the foundation for ongoing traffic safety legislation to help keep all Albertans safe.

The past year also saw the Ministry reach a significant milestone with the celebration of *511 Alberta's Official Road Reports'* one-year anniversary, which included the launch of a *511 Alberta* website optimized for mobile devices. More than 200 million hits to *511 Alberta* in its first year and more than 32,000 Twitter followers demonstrated that this multi-platform portal plays a key role in providing drivers with reliable, real-time information on road conditions, allowing Albertans to make safe and better informed travel decisions.

Our government's Building Alberta Plan will continue to focus on priorities that matter to all Albertans – investing in families and communities, ensuring we live within our means, and accessing new markets. Our actions will make a difference for all Albertans today and secure an even more prosperous future.

[Original signed by Wayne Drysdale]

Honourable Wayne Drysdale
Minister of Transportation

Management's Responsibility for Reporting

The Ministry of Transportation includes the Department of Transportation and the Alberta Transportation Safety Board.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Transportation. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliability** – information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability** – the performance measure methodologies and results are presented clearly.
- **Comparability** – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness** – goals, performance measures and related targets match those included in the Ministry's Budget 2013.

As Deputy Minister, in addition to program responsibilities, I am responsible for the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, the President of Treasury Board, the Minister of Finance and the Minister of Transportation information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Fiscal Management Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the individual entities within the Ministry.

[Original signed by Rob Penny]

Rob Penny, P. Eng.
Deputy Minister of Transportation
June 2, 2014

RESULTS ANALYSIS

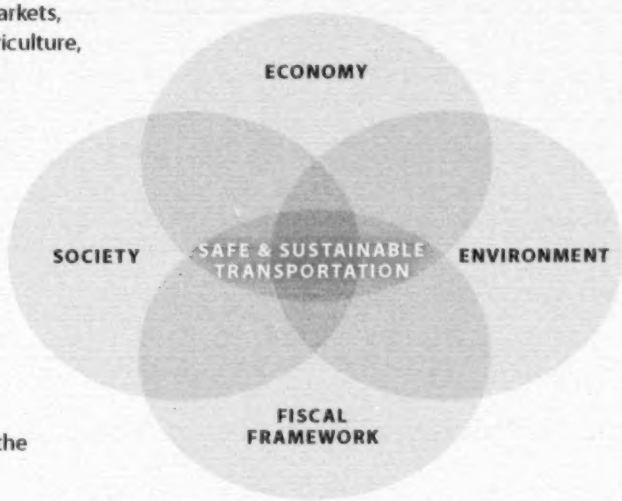
MINISTRY OVERVIEW

Our Mandate

Transportation is responsible for providing a safe, innovative and sustainable transportation system that supports a strong economy, a high quality of life and a healthy environment for all Albertans.

The Ministry plans, develops, and preserves a transportation system that supports Alberta's:

- **Economy:** connects Albertans to worldwide markets, and enables investment, business, industry, agriculture, tourism, and job creation;
- **Society:** promotes transportation options to meet the needs of Albertans and the growing population to connect Albertans to their families, friends, work, schools, health care, recreation, and communities across the province, and promotes the safety of drivers, vehicles, and roads;
- **Environment:** supports quality of life in our communities to promote ways to reduce transportation's impact on our land, water, and air; and
- **Fiscal Framework:** promotes efficiency and at the same time affordability.



Key Responsibilities

The Ministry consists of the Department of Transportation and the Alberta Transportation Safety Board which is an independent, quasi-judicial body. The key responsibilities of the Department are:

- Lead the development of a multi-modal (road-rail-air-port-public transit) transportation system for Alberta.
- Lead the planning, construction and preservation of our provincial highway network to connect Alberta's communities, and to support the province's economic and social growth.
- Lead the Alberta Traffic Safety Plan and Alberta Transportation Safety Services to reduce collisions and promote safe drivers, vehicles and roads.
- Manage provincial and federal grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans.
- Design, construct and maintain Alberta's water management infrastructure on behalf of Alberta Environment and Sustainable Resource Development.
- Promote Alberta's interests in a safe, innovative and sustainable transportation system at all levels of government, national and international trade agreements and regulatory harmonization initiatives.

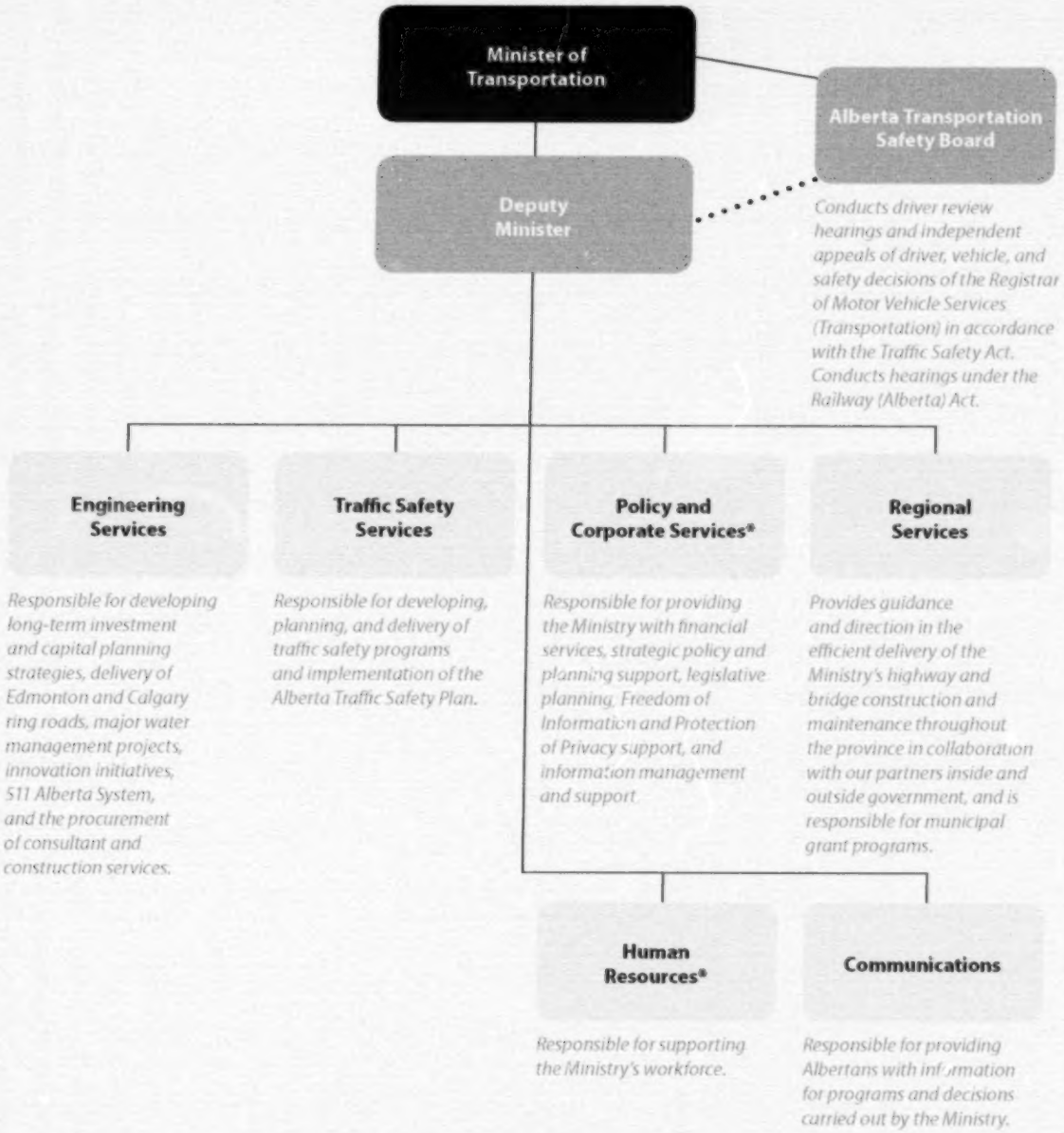
The Alberta Transportation Safety Board's key responsibilities are to:

- Conduct driver review hearings and independent appeals of driver, vehicle and safety decisions of the Registrar of Motor Vehicle Services (Transportation) in accordance with the principles of natural justice.
- Conduct hearings under the *Railway (Alberta) Act*.

All decisions of the Alberta Transportation Safety Board are made independently in accordance with governing legislation: the *Traffic Safety Act* and the *Railway (Alberta) Act*.

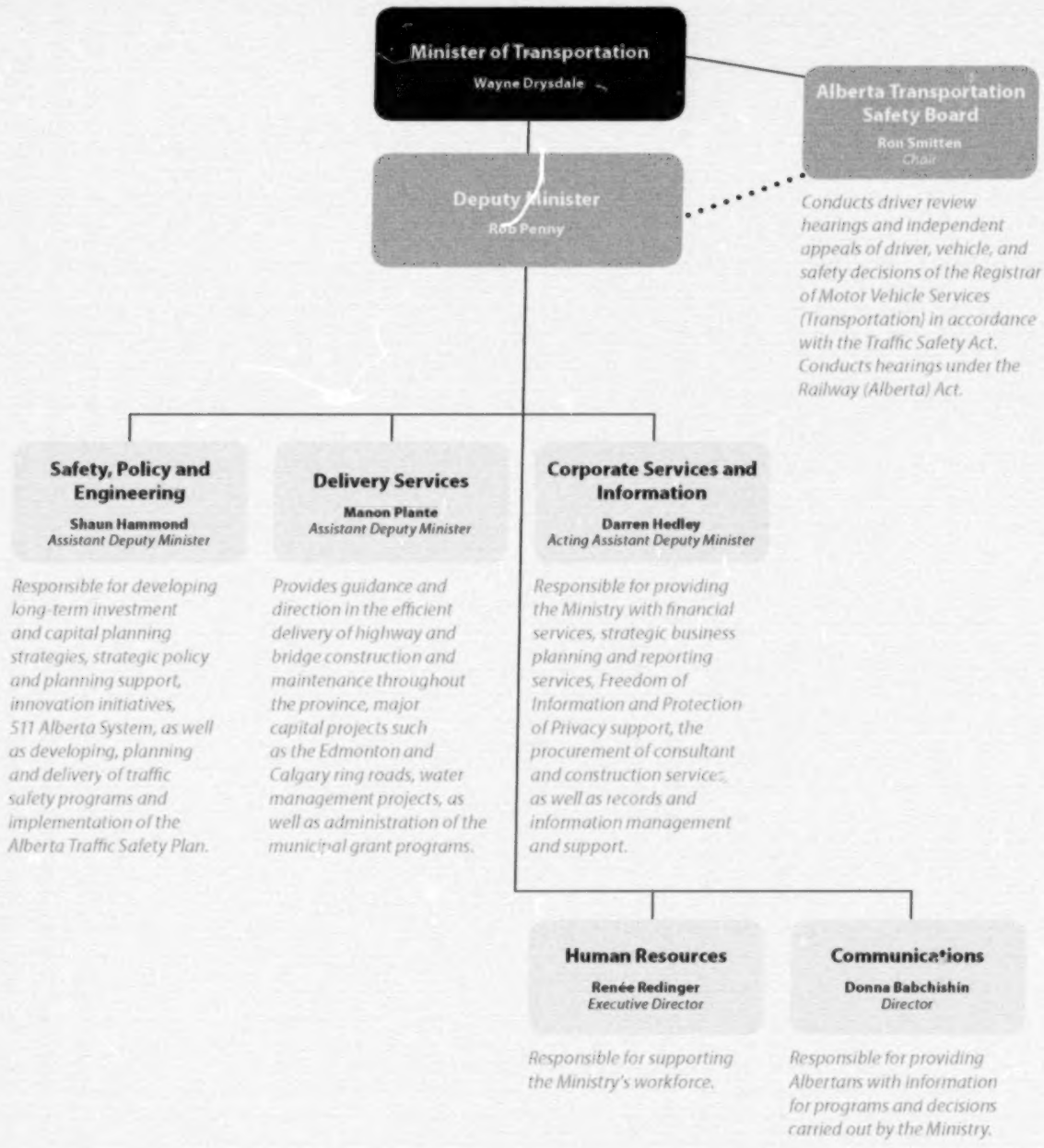
Organizational Overview

Ministry of Transportation Organization – ***Prior to the April 1, 2014 Organizational Renewal***


Minister of Transportation
Alberta Transportation Safety Board
Deputy Minister
Conducts driver review hearings and independent appeals of driver, vehicle, and safety decisions of the Registrar of Motor Vehicle Services (Transportation) in accordance with the Traffic Safety Act. Conducts hearings under the Railway (Alberta) Act.
Engineering Services
Responsible for developing long-term investment and capital planning strategies, delivery of Edmonton and Calgary ring roads, major water management projects, innovation initiatives, 511 Alberta System, and the procurement of consultant and construction services.
Traffic Safety Services
Responsible for developing, planning, and delivery of traffic safety programs and implementation of the Alberta Traffic Safety Plan.
Policy and Corporate Services*
Responsible for providing the Ministry with financial services, strategic policy and planning support, legislative planning, Freedom of Information and Protection of Privacy support, and information management and support.
Regional Services
Provides guidance and direction in the efficient delivery of the Ministry's highway and bridge construction and maintenance throughout the province in collaboration with our partners inside and outside government, and is responsible for municipal grant programs.
Human Resources*
Responsible for supporting the Ministry's workforce.
Communications
Responsible for providing Albertans with information for programs and decisions carried out by the Ministry.

* Policy and Corporate Services and Human Resources are shared services with the Ministry of Infrastructure.

Ministry of Transportation Organization – ***After the April 1, 2014 Organizational Renewal***


Minister of Transportation
Wayne Drysdale
Alberta Transportation Safety Board
Ron Smitten
Chair
Deputy Minister
Rob Penny
Conducts driver review hearings and independent appeals of driver, vehicle, and safety decisions of the Registrar of Motor Vehicle Services (Transportation) in accordance with the Traffic Safety Act. Conducts hearings under the Railway (Alberta) Act.
Safety, Policy and Engineering
Shaun Hammond
Assistant Deputy Minister
Responsible for developing long-term investment and capital planning strategies, strategic policy and planning support, innovation initiatives, 511 Alberta System, as well as developing, planning and delivery of traffic safety programs and implementation of the Alberta Traffic Safety Plan.
Delivery Services
Manon Plante
Assistant Deputy Minister
Provides guidance and direction in the efficient delivery of highway and bridge construction and maintenance throughout the province, major capital projects such as the Edmonton and Calgary ring roads, water management projects, as well as administration of the municipal grant programs.
Corporate Services and Information
Darren Hedley
Acting Assistant Deputy Minister
Responsible for providing the Ministry with financial services, strategic business planning and reporting services, Freedom of Information and Protection of Privacy support, the procurement of consultant and construction services, as well as records and information management and support.
Human Resources
Renée Redinger
Executive Director
Responsible for supporting the Ministry's workforce.
Communications
Donna Babchishin
Director
Responsible for providing Albertans with information for programs and decisions carried out by the Ministry.

Our Year at a Glance

Looking back on the past year, Transportation undertook a number of key projects and innovations. These projects and sustained traffic safety strategies continue to improve the efficiency and connectivity of the transportation system for Albertans.

April 2013

The Alberta government contributed the final $17.2 million required to complete the last stage of Ray Gibbon Drive in St. Albert. A total of $36.78 million has now been invested by the Province to create this new two-lane arterial road.

May 2013

Work began on an 8.4 kilometre paved extension to the Rocky Mountain Legacy Trail between the towns of Canmore and Banff, representing a $3.3 million investment in tourism and alternative transportation modes.

June 2013

Following catastrophic flooding in Southern Alberta on June 20, the Ministry took the necessary first steps toward recovery and implemented an interim solution that saw travellers regain access to two lanes of the TransCanada Highway where gaping holes and rushing flood water existed only a week earlier.

July 2013

A milestone in Alberta's ongoing flood recovery was reached on July 12 as public access was re-opened to the Sheep River Bridge on Highway 22. This represents a remarkable achievement as a project of this scale would normally take three months to complete, however Sheep River Bridge was only closed for three weeks.

August 2013

Construction commenced on a 32 kilometre section of Highway 63 twinning between House River and Mariana Lake representing a $147 million investment which will include the creation of three new bridges over Bear Creek, Crow Creek and House River.

September 2013

As of September 28, 87.5 per cent of the 985 kilometres of provincial roads closed due to flood damage have re-opened, additionally over 200 bridges have been inspected for damage. Re-openings include the Bragg Creek connection of Highway 758 and Garrington Bridge on Highway 587, which had been both completely washed out during the floods.

October 2013

The Enhancing Safety on Alberta Roads Act (Bill 32) was brought forward by the Minister of Transportation. Its passage would give municipalities the authority to modify the period for which speed restrictions for playground zones are in effect, and would permit the Province to designate lane use on provincial highways, allowing for further optimization to deal with unique traffic flow conditions.

November 2013

A new six-lane 25 kilometre stretch of Southeast Stoney Trail opened on November 22 bringing the Calgary ring road to a total length of 70 kilometres. $769 million was invested by the Alberta government in this segment which includes 27 bridge structures, nine interchanges and three flyover crossings. Also, on November 27 the Government of Alberta and Tsuu T'ina Nation signed a historic agreement setting the groundwork for the land required for the southwest leg of the Calgary ring road.

December 2013

The new Grant MacEwan Bridge and Franklin Avenue Tunnel opened to traffic seven months ahead of schedule. Representing $51 million of investment, these projects expand the number of lanes over the Athabasca River from six to 10 while also allowing local commuters direct access to downtown Fort McMurray.

January 2014

The Province asked Albertans to participate in helping to create an integrated, long-term Transportation Strategy through 18 public discussions in communities throughout Alberta to gather input for a draft Strategy, the first of which took place on January 28.

February 2014

511 Alberta celebrated its first anniversary, as its inaugural year saw the website receive over 200 million hits from 1.2 million unique viewers. 511 Alberta's mobile version was also launched along with a new GPS function.

March 2014

The Government of Alberta has eased road ban rules for farmers transporting grain from storage to elevators. Permits will now be available at no cost for grain trucks to travel at 100 per cent axle weight on banned roads, so long as these roads are not damaged in the process. The Ministry also committed to over 2,500 kilometres of strategic roadway rehabilitation.

Review Engagement Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

I have reviewed the performance measure identified as reviewed by the Office of the Auditor General in the Ministry of Transportation's Annual Report 2013–2014. The reviewed performance measure is the responsibility of the ministry and is prepared based on the following criteria:

- *Reliability*—The information used in applying performance measure methodology agrees with underlying source data for the current and prior years' results.
- *Understandability*—The performance measure methodology and results are presented clearly.
- *Comparability*—The methodology for performance measure preparation are applied consistently for the current and prior years' results.
- *Completeness*—The goal, performance measure and related target match those included in the ministry's budget 2013.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the performance measure identified as reviewed by the Office of the Auditor General in the ministry's annual report 2013–2014 is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

May 26, 2014

Edmonton, Alberta

Performance measure reviewed by the Office of the Auditor General is noted with an asterisk (*) on the Performance Measures Summary Table.

PERFORMANCE MEASURES SUMMARY TABLE

Goals and Performance Measures		Prior Year's Results				Target	Current Actual
		2009-10	2010-11	2011-12	2012-13	2013-14	2013-14
Goal 1: *A well-integrated, multi-modal transportation system that supports a growing economy*							
Measure 1.a: Ring roads in Edmonton and Calgary: Percentage of combined ring road kilometres open to travel		58.5%	58.5%	70.5%	70.5%	80.0%	80.6%
Measure 1.b: Highway 63 Twinning between Grassland and Fort McMurray: Percentage of twinned highway kilometres open to travel		6.4%	6.4%	6.4%	22.0%	22.0%	22.0%
Goal 2: *Cost-effective preservation of the existing transportation infrastructure*							
Measure 2.a: Physical condition of provincial highway surfaces*	Good	58.1%	58.4%	58.6%	58.4%	55.0%	57.8%
	Fair	26.8%	26.7%	26.8%	26.4%	28.5%	27.1%
	Poor	15.1%	14.9%	14.6%	15.2%	16.5%	15.1%
Goal 3: *Support environmental stewardship and the quality of life for all communities*							
Measure 3.a: Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service (biennial survey) ‡		95.0%	N/A	N/A	93.0%	N/A	N/A
Goal 4: *A safe transportation system that protects Albertans*							
Measure 4.a: Combined fatal and major injury collision rate per 100,000 population		80.8	75.3	70.5	68.6	67.5	66.6

For more detailed information see Performance Measures Methodology section in Appendix A on page 111.

* Indicates Performance Measures that have been reviewed by the Office of the Auditor General. The performance measures indicated with an asterisk were selected for review by Ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal,
- Measures for which new data is available, and
- Measures that have well established methodology.

‡ Client Satisfaction Survey is completed every two years. As stated in the 2011-14 Business Plan, there was no target for 2011-12. Source: 2012-13 Client Satisfaction Survey.

DISCUSSION AND ANALYSIS OF RESULTS

Developing an integrated provincial transportation network that effectively uses different modes and enhances the economy

Goal One: A well-integrated, multi-modal transportation system that supports a growing economy

The Ministry remains committed to strengthening the province's transportation network through the development of strategic infrastructure, innovative programs and responsible policy. These aspects of Transportation's core business all contribute to the establishment of a well-integrated, multi-modal transportation system that connects communities and supports economic growth throughout Alberta. Advancements made toward this goal during fiscal year 2013-14 include:

- Ongoing development of a long-term multi-modal provincial Transportation Strategy;
- Progression of the accelerated twinning of Highway 63;
- Significant expansion of both the Edmonton and Calgary ring roads;
- Enlargement of Alberta's High Load Corridors;
- Continued to harmonize standards with trade partners and neighbouring jurisdictions;
- Promotion of and fee restructuring for the TRAVIS MJ oversized load permitting system; and
- Construction of Highway 43 as part of the North South Trade Corridor.

Develop a multi-modal Transportation Strategy that supports Albertans' priorities, including competitiveness and sustainability

Work continues on the development of a long-term multi-modal Transportation Strategy for the province, which will help guide the development of a transportation network that is safe, sustainable, innovative, and supports a high quality of life for Albertans. The Strategy, which focuses on multiple travel options, connections and ways to move people and products, will provide a vision for Alberta's transportation system over the next 50 years. It will also provide an overarching direction to help guide government decisions on transportation investments, policies and programs.

Transportation is consulting with Albertans on the Transportation Strategy in a two-phased engagement process. The first phase, which took place during January and February 2014, consisted of public discussions held in 18 communities throughout the province. Feedback from these sessions was used to create the initial draft Strategy that will be made available for review and comment during the second phase of consultation. In this second stage, which is scheduled for launch in late April 2014, individuals and organizations will be invited to participate in an online public consultation on the draft Strategy.

Complete twinning of Highway 63 between Grassland and Fort McMurray to improve safety and accommodate economic activity

Acceleration of the Highway 63 twinning project and the construction of other transportation infrastructure in the Regional Municipality of Wood Buffalo is part of the Government of Alberta's commitment to developing a transportation network that will secure the province's economic future by enhancing market access and facilitating the flow of goods and services. Highway 63 is a critical link for residents, businesses and industry in this region, which benefit from a local roadway that is both safe and efficient.

The Ministry has invested more than $1.4 billion in various Highway 63 and Highway 881 projects since 2005.

More than 50 of the 240 kilometre Highway 63 twinning has been completed to date and is open to the public, while a further 175 kilometres is currently under various stages of construction, indicating that

the project remains on track for completion by fall 2016. The specific projects completed this year as part of the Highway 63 twinning include: 17 kilometres of twinning grading from North of La Biche River to South of Wandering River; 56 kilometres of tree clearing from South of House River to North of Mariana Lake; and slide repairs South of Highway 881. Other notable projects currently underway include 59 kilometres of twinning grading, three Wandering River bridges and a La Biche River bridge.

Another major accomplishment in this region has been the opening of the Grant MacEwan Bridge and the Franklin Avenue Tunnel a full seven months ahead of schedule. These projects utilized $51 million to expand the number of lanes crossing the Athabasca River from six to 10 as well as provide direct access to downtown Fort McMurray for commuters. Bringing the total amount invested by Transportation in various Highway 63 and Highway 881 projects since 2005 to more than $1.4 billion. This includes the $250 million worth of Highway 63 twinning contracts awarded between late 2013 and early 2014.

Continue construction to complete the Edmonton and Calgary ring roads

This year the Ministry continued its expansion of both the Edmonton and Calgary ring roads. These roadways are designed to reduce traffic congestion and commute times for those travelling within these cities while also increasing industry access to freeways and other crucial routes. They serve to connect Alberta communities with one another and Alberta's business to global markets, as well as contributing to the province's overall economic well-being and to the quality of life for all Albertans.

80.6 per cent of the combined ring road kilometres have been opened to the public as a result of a total investment of $6 billion by the Government of Alberta.

Work continues on the Northeast section of Anthony Henday Drive; this final leg of the Edmonton ring road, employing six and eight lanes of traffic, was 46.2 per cent complete as of March 31, 2014. One of this project's major highlights is the continued construction of two bridges which will stretch nearly one-third of a kilometre over the North Saskatchewan River. This concluding section represents an investment of $1.81 billion, bringing the total amount committed to the Edmonton ring road by the Government of Alberta to more than $4 billion. The use of Alberta's public-private partnership model allows the Northeast Anthony Henday Drive to be completed in 2016, a full three years earlier than through conventional delivery, with a savings of $370 million for Albertans.

Development of the Calgary ring road also made significant strides this year with continued construction of the Nose Hill Drive interchange and the opening of the Southeast Stoney Trail project on November 22, 2013. This 25-kilometre six-lane freeway boasts nine interchanges, 27 bridges, three flyover crossings and was delivered via a $769 million public-private partnership contract. The Government of Alberta has now invested a total of $1.9 billion in the Calgary ring road with a total of 70 kilometres of freeway traffic for Albertans. A momentous agreement between the Government of Alberta and the Tsuu T'ina Nation was signed on November 27, 2013 securing land needed for the construction of the Southwest Calgary ring road. With this crucial agreement in place, work has commenced on function planning and utility relocation for the West and Southwest Calgary ring road in anticipation of possible future public-private partnership procurements.

Continue to develop Alberta's High Load Corridors

Transportation frequently receives requests from various industry groups for an increase in the maximum allowable weights and dimensions for commercial vehicles transporting divisible loads. The Government of Alberta supports economic development and industry growth; the fulfillment of these requests would help to increase unit load efficiency and hence the competitiveness of several industries, however it would also result in advanced stress and damage to road and bridge infrastructure. Transportation recognizes the need for increasing weights and dimensions over legal limits for divisible loads in some areas. Vehicles operating in this manner must do so under permit on specific routes with special conditions in an effort to minimize their impact on highway infrastructure.

Also in response to these requests, Transportation has developed a network of "High Load Corridors" consisting of designated highways within the province which have had the overhead utility lines raised or buried to accommodate loads up to nine meters high.

Work continued this year on expanding the network of High Load Corridors in line with the existing long-term plan. The Ministry also continues to work with industry to identify priority High Load capital projects for the next five years as well as alternative funding options. Transportation is currently conducting research to determine the best way in which Heavy Loads may be transported, including investigating a designated network of roadways to accommodate overweight or "Heavy Loads".

Promote harmonized standards and regulations with partnering jurisdictions

The New West Partnership Trade Agreement (NWPTA) was fuliy implemented on July 1, 2013, in which the Governments of British Columbia, Alberta and Saskatchewan committed to full mutual recognition and reconciliation of their rules affecting trade, investment and labour mobility. This agreement to facilitate the free movement of goods, services and investment has created Canada's largest, barrier free, inter-provincial market. Also included in the NWPTA is a commitment to harmonize regulation and policy for commercial vehicles between the three provinces, in which these provinces have agreed that any future change in regulations will be considered together as well as addressed and implemented in the same manner. Additionally it was agreed that sustained communication and collaborative processes should be maintained in areas such as permitting for overweight and over-dimensioned loads, corridor management and common pilot car processes.

Transportation is also participating in the Coordinated Transportation Strategy for the Western Provinces and Territories through the Western Transportation Advisory Council (WESTAC) which includes the four western provinces and three northern territories. Objectives for this strategy include identifying; key gateways and corridors that Canada and its trading partners rely on, strategic transportation infrastructure priorities and key policy challenges for improving the efficiency of the transportation system.

Also, in October of this year the Minister of Transportation attended meetings in the United States to strengthen ties with Canada's largest trading partner. The Minister joined senior political, public sector and business leaders from across the continent as Alberta's representative at the 2013 North American Strategy for Competitiveness (NASCO) in San Antonio Texas. The Minister also attended the annual Can/Am Border Trade Alliance meeting in Washington D.C., which included representatives from every province and state along the border as well as business, private and public sector organizations and individuals involved in border trade and tourism.

Continue expansion of the automated permitting Transportation Routing and Vehicle Information Multi-Jurisdictional (TRAVIS MJ) system across municipalities throughout Alberta

The Transportation Routing and Vehicle Information Multi-Jurisdictional (TRAVIS MJ) system is a web based system which processes and issues provincial as well as municipal permits for overweight and over dimensioned vehicles. TRAVIS routing automatically checks specific route and vehicle information to ensure that the roads and bridges on the intended route are adequate and safe for the movement of the oversized vehicle, with minimal damage to the infrastructure. This process has significantly reduced wait times for industry while also reducing the number of manual errors where permits were issued with incorrect or restricted routes.

As of November 2010 this system has been in production with a small group of municipalities, since then the Ministry has been working in conjunction with remaining municipalities and encouraging them to join the initiative. The Province has committed to sharing permit revenues with municipalities participating in the TRAVIS MJ system.

In November of 2013 a new permit fee structure was approved by the Government of Alberta which will base fees on the distance actually travelled by the vehicle on the road, rather than "as the crow flies". This arrangement will help the Province share fee revenues with participating municipalities, as the municipal share will now be proportional to the distance travelled on municipal roads.

It would also produce 40 per cent higher permit fees on average. However, in order to reduce the immediate impact to industry the fees will only be increased by 10 per cent per year for the next six years, resulting in permit fees for Alberta which are comparable to those in other provinces. It should be noted that oversized permit costs have not been increased in Alberta since 1998, while road maintenance costs have increased by 66 per cent between 1999 and 2012. This new fee structure, which will be implemented on April 1, 2014, will help to close the gap between fee revenues and maintenance costs.

Complete twinning of Highway 43 between Edmonton and Grande Prairie as part of the North South Trade Corridor

This year the Ministry continued to support economic growth in northwestern Alberta through the twinning of Highway 43 between Edmonton and Grande Prairie. As one of Alberta's strategic corridors this highway is designed to carry high volumes of traffic, efficiently and safely serving industrial vehicles as well as tourists and residents. Also, as part of the North South Trade Corridor (NSTC), the investment in Highway 43 serves to expand market access for the entire province. The NSTC is a high efficiency multi-lane corridor that connects Alberta with the United States at Coutts and travels through Edmonton to Grande Prairie. This key network ensures Alberta's competitiveness in the international marketplace by providing access to United States and Mexican markets while also enhancing the province's openness to tourism.

On October 1, 2013 the second last stretch of Highway 43 twinning, 17 kilometres between Crooked Creek and Sturgeon Lake, opened to the public. This section of the highway represents an investment of $26 million by the Government of Alberta and leaves only 20 kilometres (4.6 per cent) of the 432 kilometre project still under construction. The $78 million contract for the last section of twinning, which is scheduled for completion in 2014, brings the total amount invested in twinning Highway 43 since 1998 to more than $800 million. Also, the completion of this final section of the NSTC will bring the corridor's total length, stretching from Coutts to just west of Grande Prairie, to more than 1,113 kilometres.

Measure 1.a – Ring roads in Edmonton and Calgary: Percentage of combined ring road kilometres open to travel

Description

This measure indicates the percentage of ring roads in Edmonton and Calgary open to multi-lane travel. The total freeway length when completed is approximately 100 kilometres in Calgary and 78.4 kilometres in Edmonton.

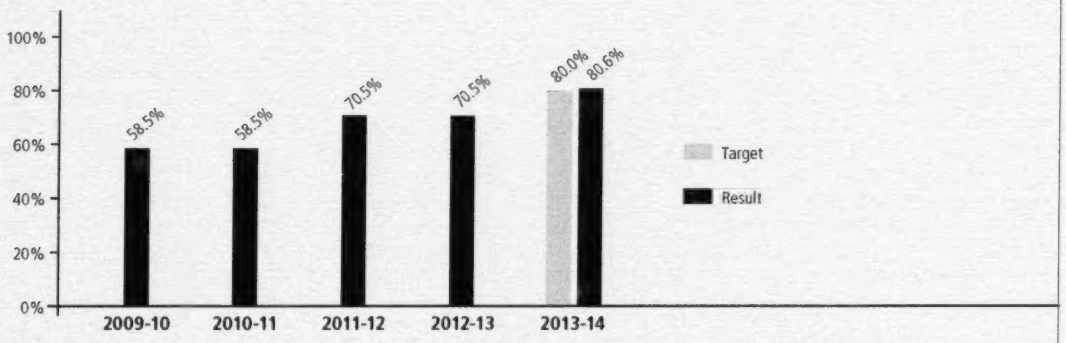
Rationale

The development of ring roads around the province's two major metropolitan areas is of paramount importance to the economic development of the province. Besides accommodating traffic growth in the Edmonton and Calgary regions, the ring roads enable the efficient movement of goods and people into and out of the two metropolitan areas as well as around them improving access from the cities to the rest of Alberta and vice versa (see Appendix A on page 111).

Results

At the end of fiscal year 2013-14, 80.6 per cent of combined ring road kilometres were open to travel.

Percentage of Ring Roads Open to Travel



Measure 1.b – Highway 63 Twinning between Grassland and Fort McMurray: Percentage of twinned highway kilometres open to travel

Description

This measure is the percentage of Highway 63 between Grassland and Fort McMurray that is twinned and opened to travel. It consists of approximately 240 kilometres of highway.

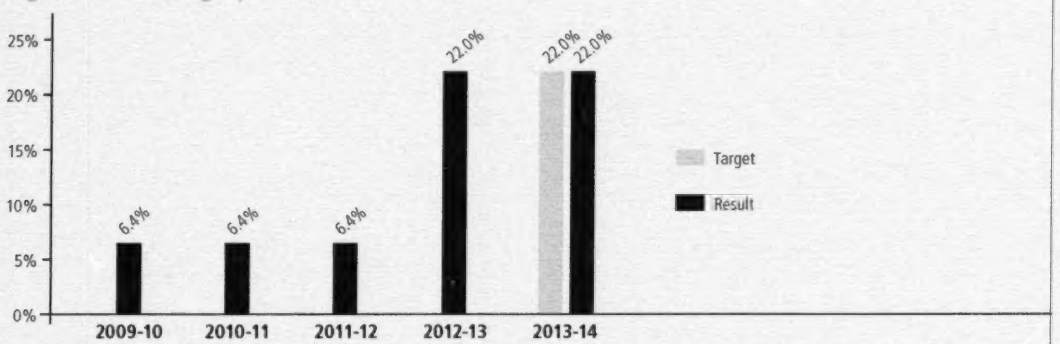
Rationale

Highway 63 is an important corridor to Fort McMurray and the Municipality of Wood Buffalo. Complete twinning of Highway 63 between Grassland and Fort McMurray will improve safety and accommodate economic growth in Northeastern Alberta (see Appendix A on page 111).

Results

At the end of fiscal year 2013-14, 22 per cent of twinned highway was open to travel.

Percentage of Four-Laning Open to Travel



Securing Albertans' investment through strategic infrastructure preservation

Goal Two: Cost-effective preservation of the existing transportation infrastructure

The ongoing maintenance of provincial transportation infrastructure is primarily concerned with highway and bridge rehabilitation and replacement. These preservation projects are undertaken with an emphasis on prolonging the useful life of public infrastructure in a cost-effective manner, ensuring that investments made in transportation infrastructure by Albertans today will benefit generations of Albertans to come. Activities conducted by the Ministry in fiscal year 2013-14 toward this goal include:

- Continued preservation of the provincial highway network;
- Ongoing bridge replacement projects; and
- Identify and implement opportunities to enhance the fiscal sustainability of transportation infrastructure and transportation systems.

Continue to preserve provincial highway infrastructure to protect Alberta's investment

Transportation aims to maintain a rational, equitable and appropriate level of service for the provincial highway network while maintaining open and clear communications between the Ministry and all of the affected municipal jurisdictions. This enables highways in the province to serve Albertans with the same basic integrity and functionality regardless of their current network designation; while the provincial highway network serves as a dependable core transportation network across the province. Regardless of the traffic volumes, all highways within the provincial highway network receive minimum standards of service. Resource allocation decisions, regarding highway rehabilitation, are made on the basis of priority and need. Through these guiding principles Transportation completed more than 20 separate highway rehabilitation projects, totalling approximately 438 kilometres throughout the province this year.

Continue to preserve provincial bridge and overpass infrastructure to protect Alberta's investment

The Ministry continues to monitor the aging inventory of bridges and culverts on the provincial public roadway system. Given that the design life of standard bridges and culverts is 50 years and 75 years for major bridges, it is important that these structures be properly managed and maintained to ensure they reach their full life expectancy. Even if a very small per cent of the bridging system requires premature replacement, the cost of this to the economy could be very large. Management and maintenance strategies are currently in place for the various bridge structure types on the roadway network. The strategies have been developed with the view of maximizing the return on the investment in the structure. This year Transportation completed 12 bridge replacement projects throughout the province at a cost of approximately $42 million.

Examine opportunities to protect the long-term fiscal sustainability of transportation infrastructure

As part of the Government of Alberta's Results Based Budgeting (RBB) Cycle 2 program review, 12 highway related programs were identified and reviewed within the Economic Development 2 (ED2) line of business. A list of recommendations in line with RBB was developed, some of which have direct implications on the Ministry's ability to increase the long-term fiscal sustainability of transportation infrastructure:

- Develop a standardized process that allows municipalities to assume control and ownership of non-core provincial highways.
- Increase permit fees charged for the movement of overweight vehicles to bring rates in line with current maintenance costs, calculate permit fees based on "over-the-road distance" travelled.

- Review the penalty structure for overweight vehicles that exceed their maximum allowable weight allowance.
- Conduct an assessment of alternative revenue sources to help fund provincial highway network maintenance, improvements and enhancements.
- Assess the potential of using alternative service delivery contracting models in the Ministry's maintenance contracts.

This year Transportation has significantly advanced the TRAVIS MJ initiative by restructuring the permit fees for overweight vehicles to be calculated based on "over-the-road distance" travelled. The Ministry also vigorously advocated for the involvement of over 300 municipalities to take part in the TRAVIS MJ initiative; as an increase in municipal partners coupled with fee restructuring would diminish the gap between permit rates and maintenance costs considerably. Research continues to assess the implementation of other key recommendations such as the standardized process that would allow for municipalities to assume control and ownership of non-core provincial highways as well as possible alternative revenue sources for the provincial highway network.

Measure 2.a – Physical Condition of Provincial Highway Surfaces

Description

This measure defines the percentage of the paved highway network that is in good, fair, or poor condition. The International Roughness Index is used to measure the roughness of roads and is used as a sole measurement to categorize overall physical condition. The segments in poor and fair condition are those that require attention now or in the future.

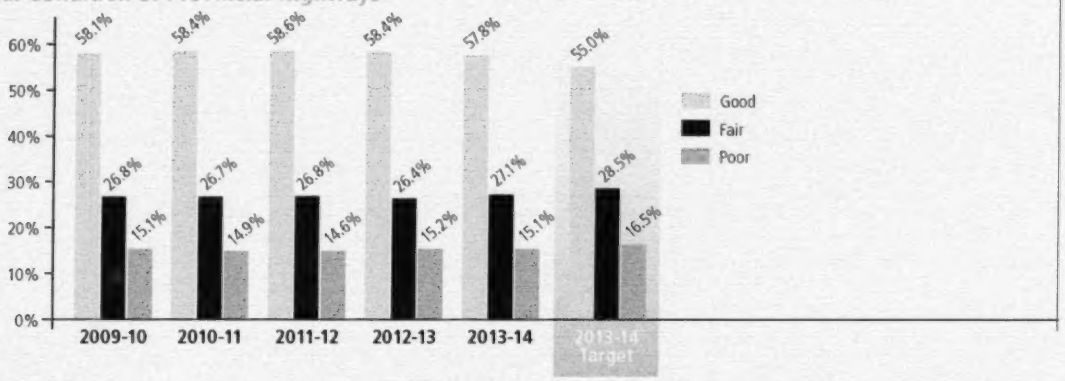
Rationale

The measure is used to assess and sustain the quality of the paved highway network, in support of efficient movement of commuter, business, commercial, and pleasure traffic. The preservation of pavement quality through regular rehabilitation reduces the total life cycle cost of the highway system, improving return on investment for Albertans (see Appendix A on page 111).

Results

In 2013-14, 57.8 per cent of the paved highways were in good condition compared to the target of 55.0 per cent; 27.1 per cent of the paved highways were in fair condition compared to the target of 28.5 per cent; 15.1 per cent of the paved highways were in poor condition compared to the target of 16.5 per cent. The government recognizes that the provincial highway system is critical to the economic prosperity and social growth of the province. Therefore, the government continued to invest in highway repaving and innovative solutions to maintain the percentage of highways in good and fair condition under increased traffic flows.

Physical Condition of Provincial Highways



Providing funding assistance for municipal transportation and water infrastructure while also reducing the environmental footprint of these projects

Goal Three: Support environmental stewardship and the quality of life for all communities

The Ministry is dedicated to enhancing the quality of life in all communities through the administration of municipal grant programs for the development of transportation and water related infrastructure. Transportation also supports environmental stewardship through energy efficient incentives built into these municipal grant programs and construction best practices designed to reduce the environmental footprint incurred from infrastructure projects. Advances made this fiscal year toward this goal include:

- Continued management of municipal transportation grant programs such as GreenTRIP, AMIP, STIP and BMTG;
- Employed energy efficient strategies in support of the government's *Climate Change Strategy* and *Provincial Energy Strategy*; and
- Provided assistance in the development of water supply, treatment and disposal facilities through the AMWWP and Water for Life programs.

Administer grant funding programs, including GreenTRIP, to support municipal transportation

The Green Transit Incentives Program (GreenTRIP) is one of several programs municipalities can access to help purchase transit vehicles and technologies, build transit terminals and expand light rail services. This program is intended to encourage municipalities to identify innovative and sustainable transit needs, develop transit policies and plans, as well as operate their own transit service. Additional resources have been committed to the program, bringing the total one-time funding available under GreenTRIP to $2 billion. Half of which has already been allocated since the start of the program for use in 15 municipalities, while $216 million was delivered to local governments in fiscal year 2013-14. Some of the notable GreenTRIP funded projects from this year include:

- Continued work on Edmonton's Metro LRT line, which is the largest project funded in this manner and scheduled for completion in late 2014.
- The purchase and delivery of 50 LRT cars for use on the Calgary LRT.
- Completion of the addition of bus stop seating and shelter construction, transit hub accessibility features and waste receptacles in Hinton.
- Purchase of three new articulating low-floor buses and eight community shuttles as well as improvements to bus garage and maintenance facility in Airdrie.
- Construction of the Strathcona County Park and Ride Terminal.
- Addition of two low-floor transit buses to service Banff and Canmore.

The Alberta Municipal Infrastructure Program (AMIP) also assists municipalities with their capital infrastructure needs by providing funding assistance. $1.4 million was invested in this way during 2013-14 to enhance economic, social and cultural opportunity and well-being, while also protecting and improving the environment. Projects launched under this initiative can include municipal roads and bridges, public transit vehicles and facilities, water and wastewater systems and facilities, drainage systems and facilities, emergency service vehicles and facilities as well as infrastructure management systems software.

A further $11.56 million was channelled to municipal authorities this year to honour the Ministry's commitments under the Strategic Transportation Infrastructure Program (STIP). Which is another initiative designed to provide financial assistance to municipalities for developing and maintaining key transportation infrastructure promoting economic growth and improving mobility. Viable projects under this initiative include local and regional roadways, municipal bridges, community airports and resource roads.

Another grant funding program administered by Transportation is the Basic Municipal Transportation Grant (BMTG), which provides financial assistance to municipalities for the development and implementation of safe, effective and integrated roadway networks and transportation systems. It does so by providing annual allocation based funding for the construction and rehabilitation of local transportation infrastructure including roads, bridges and public transit. By supporting a well-developed and balanced regional-provincial transportation system, the Government of Alberta encourages and supports economic growth within the province, while improving transportation safety and the quality of life in communities. This fiscal year over $249 million was provided to municipalities through the BMTG program, funding a variety of local municipal transportation requirements throughout the province.

Identify transportation initiatives to advance energy efficiencies as a component of the government's *Climate Change Strategy* and *Provincial Energy Strategy*

The Ministry uses several highway construction techniques that help to conserve and use energy efficiently or reduce greenhouse gas emissions as called for in the government's *Climate Change Strategy*. One method is in-place recycling whereby pavement is removed, recycled and placed on the highway surface without any hauling or mixing at an off-site location, reducing energy use and greenhouse gas emissions. The use of warm-mix asphalt is another energy efficient construction practice implemented by the Ministry. New types of additives and mixers allow asphalt to be produced at 20°C to 50°C below traditional mixing temperatures. The lower mixing temperature means less fuel use and reduced greenhouse emissions from asphalt's production.

Transportation's highway design strategies and rehabilitation methods consider environmental sustainability and ways to reduce the environmental footprint of energy use as outlined in the *Provincial Energy Strategy*. Environmental evaluations conducted during construction project planning identify environmentally sensitive features including fish bearing watercourses, wetlands and species included under the *Species at Risk Act (SARA)*. Enhancing fish passage, wetlands restoration and creation, relocating rare plants and the application of recovery strategies for *SARA* species such as the woodland caribou are among the measures applied to mitigate any impacts identified.

Additionally Transportation encourages energy efficient travel behaviours, as outlined in the *Provincial Energy Strategy*, through incentive structures built into the Ministry's municipal grant programs. GreenTRIP provides capital funding support for new and expanded public transit throughout the province. It helps to provide Albertans with a wider range of sustainable public transit alternatives, while improving accessibility for users. By providing options to single occupancy vehicle use it will help to reduce greenhouse gas emissions. Another example is the Alberta Municipal Water/Wastewater Partnership (AMWWP) and Water for Life program, where initiatives encourage water conservation by applying consumption-based rate structures.

Provide funding, through the Alberta Municipal Water/Wastewater Partnership Program and the Water for Life program, to assist municipalities with the provision of water supply, water treatment, and wastewater treatment and disposal facilities

The Ministry continues to provide funding for high priority projects through the Alberta Municipal Water/Wastewater Partnership (AMWWP) and the Water for Life program. Under these programs, eligible municipalities and provincial regional commissions may apply for assistance with the construction of water supply and treatment as well

as wastewater treatment and disposal facilities. These programs ensure that Albertans have access to potable water supplies and adequate wastewater treatment. All municipalities and regional commissions participating in these initiatives are required to use private sector contracts for all the work undertaken, allowing local government to attract businesses and develop their communities. This year alone, an investment of $64.5 million, through the Water for Life program, assisted 32 new regional water infrastructure projects. A further $14.4 million, provided through the AMWWP initiative, assisted 52 stand-alone water infrastructure projects in communities across the province.

Measure 3.a *– Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service (biennial survey)*

Description

The measure represents the percentage of municipal partners satisfied with the overall quality of services provided by the Ministry in the administration of grant programs. Respondents rate their satisfaction on a scale of 1 to 6 (1 being very unsatisfied and 6 being very satisfied). Results include all those clients who indicated they were "somewhat satisfied", "satisfied", or "very satisfied". The survey is administered every two years to allow the Ministry sufficient time to develop and implement strategies that address survey findings.

Rationale

The Ministry is committed to service excellence and strives to develop an environment where partners consistently experience positive outcomes when interacting with the Ministry. Results of the survey allow the Ministry to continually improve its services to municipalities (see Appendix A on page 111).

Results

The survey was last conducted in 2012 (for the fiscal year 2012-13), where municipal client satisfaction was 93 per cent, which is a decrease of two per cent over the 2009 result of 95 per cent. On average, the results are accurate within plus or minus 4.4 per cent, 19 times out of 20. For 2012-13, although the level of client satisfaction for all services remained high, the decrease from the previous survey is marginal and may be attributed more to a statistical variance than any other factor.

	Prior Year's Results				Target	Current Actual
	2009-10	2010-11	2011-12	2012-13	2013-14	2013-14
Measure 3.a: Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service (biennial survey) ‡	95.0%	N/A	N/A	93.0%	N/A	N/A

‡ Client Satisfaction Survey is completed every two years. As stated in the 2011-14 Business Plan, there was no target for 2011-12.
Source: 2012-13 Client Satisfaction Survey.

Implementing the Traffic Safety Plan as well as continue to investigate and implement innovative technologies that promote an intelligent and safe transportation system

Goal Four: A safe transportation system that protects Albertans

Improving safety on Alberta roads by reducing collisions, fatalities and injuries remained one of Transportation's major priorities over the last year. Efforts to reduce high risk driver behaviour and improve the overall safety of the province's transportation network, through new technologies and legislation, make every day safer for Albertans. The Ministry took several actions forwarding this goal in fiscal year 2013-14 including:

- Implementation of the 2015 Alberta Traffic Safety Plan and development of the 2020 Alberta Traffic Safety Plan;
- Introducing Bill 32, the *Enhancing Safety on Alberta Roads Act*;
- Administering the Traffic Safety Fund for community based traffic safety initiatives;
- Upgrading the education manual for bus and truck drivers;
- Continuing to operate and enhance 511 Alberta; and
- Created an Innovation Unit tasked with investigating and implementing innovative technologies that promote an intelligent and safe transportation system.

Implement traffic safety strategies in support of the Traffic Safety Action Plan and successor plans to reduce collisions, injuries and fatalities on Alberta roadways

In 2007, Alberta became the first province in Canada to introduce a Traffic Safety Plan – a strategy for making our roads safer. Building upon the work achieved by the original strategy, the Ministry continues to develop and implement the Alberta Traffic Safety Plan which incorporates:

- Coordinated effort with key traffic safety partners,
- A "safer systems" approach that looks at all aspects of safety – roads, drivers and vehicles, and
- Addressing priorities through education, communication, community initiatives, enforcement, research, legislation, new technologies, road engineering and infrastructure improvements.

Released in May 2013, the Alberta Traffic Safety Plan 2015 takes a "safer systems" approach, which encourages a better understanding of the interaction between the key elements of the road system: road users, vehicles, roads and roadsides, and travel speeds. This year Transportation has also taken steps toward the development of the Alberta Traffic Safety Plan 2020. Initial development work includes the investigation and identification of best practices undertaken within external jurisdictions throughout the Organisation for Economic Co-operation and Development (OECD) countries.

Traffic Safety Act Amendment Project Phase One

The *Enhancing Safety on Alberta Roads Act* was passed on November 26, 2013 and received Royal Assent on December 11, 2013. Amendments to the *Traffic Safety Act* are part of an ongoing process to ensure legislation is up-to-date and reflects key government priorities that support Albertans.

Bill 32 amends two of Transportation's Acts as follows:

- Section 1 of Bill 32 made housekeeping amendments to the *Highways Development and Protection Act* and came into force on Royal Assent.
- Section 2 of Bill 32 amends the *Traffic Safety Act* and comes into force when proclaimed. Among the amendments is to give the Province the authority to designate lane use on provincial highways,

allowing for optimization of highway infrastructure and ability to deal with unique traffic-flow issues such as priority bus lanes, High Occupancy Vehicles, and designated lanes for slow-moving vehicles. Other amendments will help align legislation with changes made to the *Criminal Code of Canada* over the years and ensure Alberta's traffic safety legislation is strong, clear and consistent.

The majority of subsections were proclaimed in force as of March 1, 2014, with the exception of:

- Section 12 will clarify that Military Police have the authority to impose Alberta's enhanced impaired driving sanctions on the province's military bases. Proclamation of this will be deferred until discussions with the Department of National Defence are satisfactorily concluded.
- Section 15 will give municipalities the authority to modify the period in which speed restrictions in playground zones are in effect, enabling alignment with school zone hours to suit local needs, reducing confusion for drivers and providing better protection for children. It is anticipated that Section 15 will be proclaimed in force for June 1, 2014.

Supporting Traffic Safety initiatives across Alberta's communities

Transportation continues to fund community-based traffic safety initiatives in Alberta through the Alberta Traffic Safety Fund to stimulate and support local collaborative action that enhances traffic safety awareness and reduces the frequency and severity of motor vehicle related fatalities and injuries. In addition, the Ministry contributed to safer Alberta roadways as it continued implementation of the Community Mobilization Strategy through 13 Regional Traffic Safety Consultants, and 95 Traffic Safety Committees to inform and engage local stakeholders, including public, private, industry, aboriginal and youth participants in traffic safety. Additionally, the Smart Roadside Inspection System was implemented in coordination with Alberta Justice and Solicitor General.

Enhancements to Education Manual for bus and truck carriers

Transportation released an updated version of the *Commercial Vehicle Safety Compliance in Alberta* education manual on April 1, 2014 following eight months of review and consultations toward its development. The manual helps bus and truck carriers and their drivers to better understand their regulatory responsibilities. Updates to the manual include enhancements to its visual layout and writing style which serve to explain the regulations in a way that is easier to read and understand. The electronic version of the manual has also been made more interactive for users.

An electronic copy of the manual can be accessed online at: *www.transportation.alberta.ca/671.htm*. Hard copies of the manual may be purchased from the Alberta Motor Transport Association (AMTA).

Promote and enhance the Traveller Information Portal (511 Alberta) that provides drivers with accurate and real-time information on travel conditions

511 Alberta is a free traveller information service, operated by the Government of Alberta that may be accessed via phone, mobile device or computer. The information covers highway conditions, roadwork, major incidents, weather alerts, availability of ferry services and waiting times at border crossings. Users within Alberta may access the information via phone toll-free by simply calling 5-1-1, similar to the way they would call 9-1-1 for emergencies or 4-1-1 for directory assistance. Computer and mobile device users may also visit the 511 Alberta website at *www.511.alberta.ca*. Having both phone-in and web site components ensures 511 Alberta is available to the widest range of users.

February 4, 2014 marked the one-year anniversary of 511 Alberta. In its first year, the 511 Alberta website received close to 200 million hits from 1.2 million unique visitors who needed reliable, up-to-date road information, including the over 31,000 kilometres of Alberta provincial highway Transportation maintains that 511 Alberta reports traffic delays and closures on.

511 Alberta support toward the June 20, 2013 Alberta Flood response included informing:

- *visitors on day of the flood: 5,650 by phone and 52,880 unique website visits; and*
- *visitors on day after the flood: 7,714 by phone and 81,159 unique website visits.*

Key achievements for 511 Alberta in 2013-14 include:

- *Development of Website for Mobile Devices* – At 511 Alberta's first-year anniversary, the Minister of Transportation officially launched 511 Mobile: an enhanced mobile version of 511 Alberta. In response to strong public demand for a 511 Alberta website that is optimized for mobile devices, this website was developed and successfully launched. The mobile website can also be downloaded like mobile Apps from Apple and Chrome (google) App Stores. This will considerably enhance the accessibility of 511 Alberta by travelling public who use their phones or tablets while on the road.
- *Social Media & Search Engine Prominence* – 511 Alberta website became the top ranking site on search engines; it had over 200 million hits in its inaugural year. 511 Alberta twitter is number one in terms of followership amongst Canadian road reports twitters. In 2013, 511 Alberta became the information source of choice for the road and traffic conditions of Alberta's provincial highways.
- *Three-Digit Highways Website Map* – The three- digit highways map was added to the 511 Alberta website and used to report on construction activities and road incidents. This will facilitate the extension of winter reporting on three-digit highways. This is a response to the public interest in 511 Alberta reporting on three-digit highways.
- *User Experience Enhancements* – Many improvements were made to the navigational ease of the website. Twitter was effectively used for the faster dissemination of road incidents and emergency traffic issues.
- *Construction Work Reporting* – In collaboration with the representatives of the Consulting Engineers of Alberta (CEA), and the Alberta Roadbuilders and Heavy Construction Association (ARHCA), reporting protocols were established to facilitate road worksite reporting to 511 Alberta for public dissemination. This will significantly improve the speed and reliability of the reporting on the impact of construction work on traffic. This will also make it safer for the construction crew.
- *Additional Cameras and DMS Reporting* – Five additional cameras were installed. The Dynamic Messaging Systems were improved to meet acceptable operating standards. Camera images are highly valued by road users and the DMS will be a significant means of informing and communicating with the travelling public.

511.alberta.ca online or via smart phones will provide: traffic camera images; an interactive map displaying highway conditions and roadwork under provincial responsibility in a given region; links to RSS feeds for the major roads in Alberta; links to partners' websites or information pages; links to Environment Canada weather; links to border crossings; and links to national and provincial parks within Alberta.

Investigate and implement appropriate innovative technologies that promote an intelligent and safe transportation system

During 2013-14 there was ongoing focus on cultivating, evaluating and sharing innovations from within Transportation and in collaboration with our industry partners and stakeholders. A milestone in this process was the creation of the Ministry's Innovation Unit, which was established in April 2013 to be a hub and catalyst for innovation activities to explore, implement, evaluate and share new and innovative products, systems and ideas. This evaluation brings diverse perspectives to help share learnings and gather best practices from the industry, internal and external partners, suppliers and other jurisdictions.

Through communication and collaboration, the Ministry sought innovative ideas and creative approaches to explore new ways to enhance how we do our business. The Innovations Evaluation Group (IEG) comprised of cross divisional representatives was established to promote collaboration. An "Innovation in Action" communication tool was created to capture and share innovation happening in Alberta and in industry at large.

Transportation defines innovation as any change, large or small, which results in its work being done in a better, more efficient, sustainable or safer way.

Collaboration continues to be a priority for the Ministry as we encourage, establish and maintain partnerships with industry and academia, in order to lead the promotion and analysis of new products and materials. Our work includes the ongoing development of an external website for products, and exploring and evaluating new products on an ongoing basis through partnership with vendors and suppliers. A large number of trials of new and innovative products are underway and systematic evaluations are ongoing.

Further demonstrating the Ministry's embracing of new ideas and promoting innovation, the Minister of Transportation presented the 2014 Minister's Award for Transportation Innovation in March 2014. This annual award, with several categories for nominations, recognizes Alberta's transportation industry's innovative people and organizations which plan, design, construct, operate or maintain a roadway, transit service or related initiative. These projects exemplify excellence in design, construction, environmental, safety or operational innovations. This year the number of submissions received increased to 28, compared to seven submissions last year. Organizations involved in the winning projects are based in Calgary, Edmonton, Fort McMurray, Lac La Biche, and Vermillion.
This year's winners are:

- *Design Innovation* – 3-D Laser Scanning that enables users to complete better land surveys more quickly (Lac La Biche County, Opus Stewart Weir, SarPoint Engineering).
- *Safety Innovation* – Remote Operated Safety Attendant (ROSA), in simple terms a Robot Safety Attendant that supports safety in work zones by allowing flag people to operate them remotely (Carillion Canada, Roundspring Technologies, and Transportation).
- *Environment Innovation* – Wetland Habitat Compensation Banking Program to replace valuable wetlands displaced by development (Bruce Thomson and Associates, Green Plan Ltd. Environmental, NEXT Solutions, and Transportation)
- *Construction Innovation* – Highway 63 Urban Highway Project managing major highway construction amid continuous urban traffic (AECOM, CH2MHill, Flatiron Construction, Graham Construction, Innovative Civil Construction, South Rock, Stantec, Sureway Construction, Thurber, and Transportation)
- *Operation Innovation* – 511 Alberta collaboration that gives timely information on road conditions to Albertans for free (Alberta Highway Services, Carillion Canada, Carmacks Maintenance Services, Chinook Highway Operations, Lafarge Infrastructure, Ledcor Alberta, LaPrairie Works, Transportation, and Volker Stevin Highways).

This celebrated award is part of Transportation's ongoing partnership with the Consulting Engineers of Alberta (CEA), the Alberta Roadbuilders and Heavy Construction Association (ARHCA), the Alberta Urban Municipalities Association (AUMA), and the Alberta Association of Municipal Districts and Counties (AAMDC).

While advancing new ideas and implementing innovative solutions remains an important focus for the Ministry today, we are also working toward building an even more intelligent transportation network through the use of Intelligent Transportation Systems (ITS). ITS technologies represent advanced and innovative ways to provide services relating to different modes of transportation and traffic operations resulting in a safer, and more efficient transportation system. Through the application of ITS technologies, our aim is to create an innovative, well-integrated, effectively managed, and sustainable multi-modal transportation system that supports Alberta's economy and high quality of life in all communities.

Investment in and implementation of innovations

In 2013-14 Transportation invested in and implemented numerous innovative approaches toward enhancements for the transportation system including the following:

- *Pavement Embedded Technologies* – New Rural Remote Weather Information Systems (RWIS) stations were constructed; and construction of new ring road RWIS stations on Northeast Anthony Henday Drive and Southeast Stoney Trail is in progress. RWIS data allows better weather forecasts and supports the Maintenance Decision Support System used by highway maintenance service providers. RWIS data on Anthony Henday Drive is being provided to University of Alberta as Ministry contribution to ACTIVE (connected vehicle) project. RWIS from existing stations is being used in trial projects for highway maintenance contract innovations, specifically cellular phone probe analysis of traffic speeds, and winter severity index.
- *Intelligent Transportation Systems to increase access to real-time data* – The Maintenance Decision Support Systems (MDSS) has been rolled out to all of the maintenance contractors. New function in MDSS is expected to increase user confidence and usage. Adding air and pavement temperatures to data feed into weather forecast services will improve pavement condition forecasting, which in turn will help maintenance service providers make better decisions. The MDSS was improved to create a 'not treatment' forecast of pavement conditions, which allows highway maintenance foremen to evaluate the impact of delayed treatment, compared to the recommended treatment matrix.
- *Partnerships with universities, other jurisdictions, and associations in their research* – Research into opportunities was undertaken regarding tire-derived aggregate and pavement sections.
- *Dash cameras* – In October 2013 new dash cameras were added in the Red Deer District to the Maintenance and Safety Officer's vehicles to record important observations. The dash cameras provide high quality video and are equipped with GPS and G-Sensors, allowing staff to capture a broad range of data while solely concentrating on the road ahead. By using this in-car mounted device that is not only hands-free, but also capable of capturing images without the driver stopping, slowing down or being distracted, we are enhancing the ability to provide a greater quantity of detailed, up-to-date information about the provincial highways in a more efficient manner while increasing the safety of department personnel.
- Innovative solutions were implemented in September 2013 at the intersection of Highways 43, 670 and 733 located 35 kilometres northeast of Grande Prairie to effect immediate safety improvements. Making this Highway 43 intersection unique in the province, the installation of a combination of warning features to focus driver attention and enhance safety measures includes:
  - yield line ("shark teeth") symbols;
  - rumble strips in the middle of the median;
  - "yield" painted in large block letters;
  - "important interchange ahead" signs with flags; and
  - double yellow centerline in the median.

Measure 4.a – Combined fatal and major injury collision rate per 100,000 population

Description

Describes the three year rolling average number of combined fatal and major injury collisions as a rate per 100,000 population.

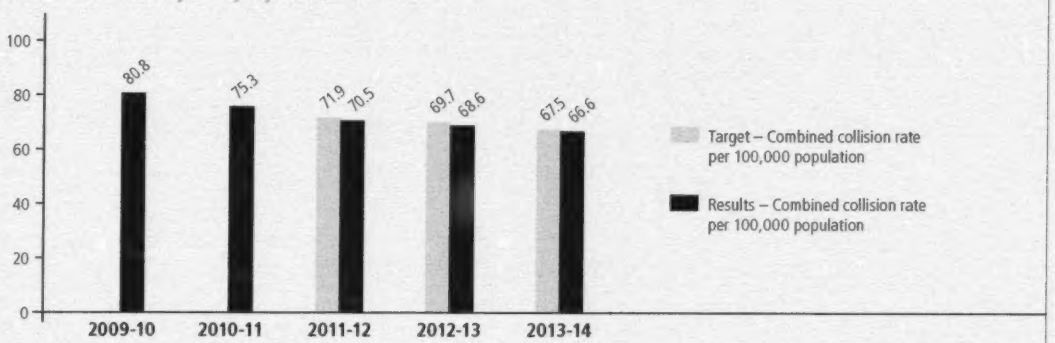
Rationale

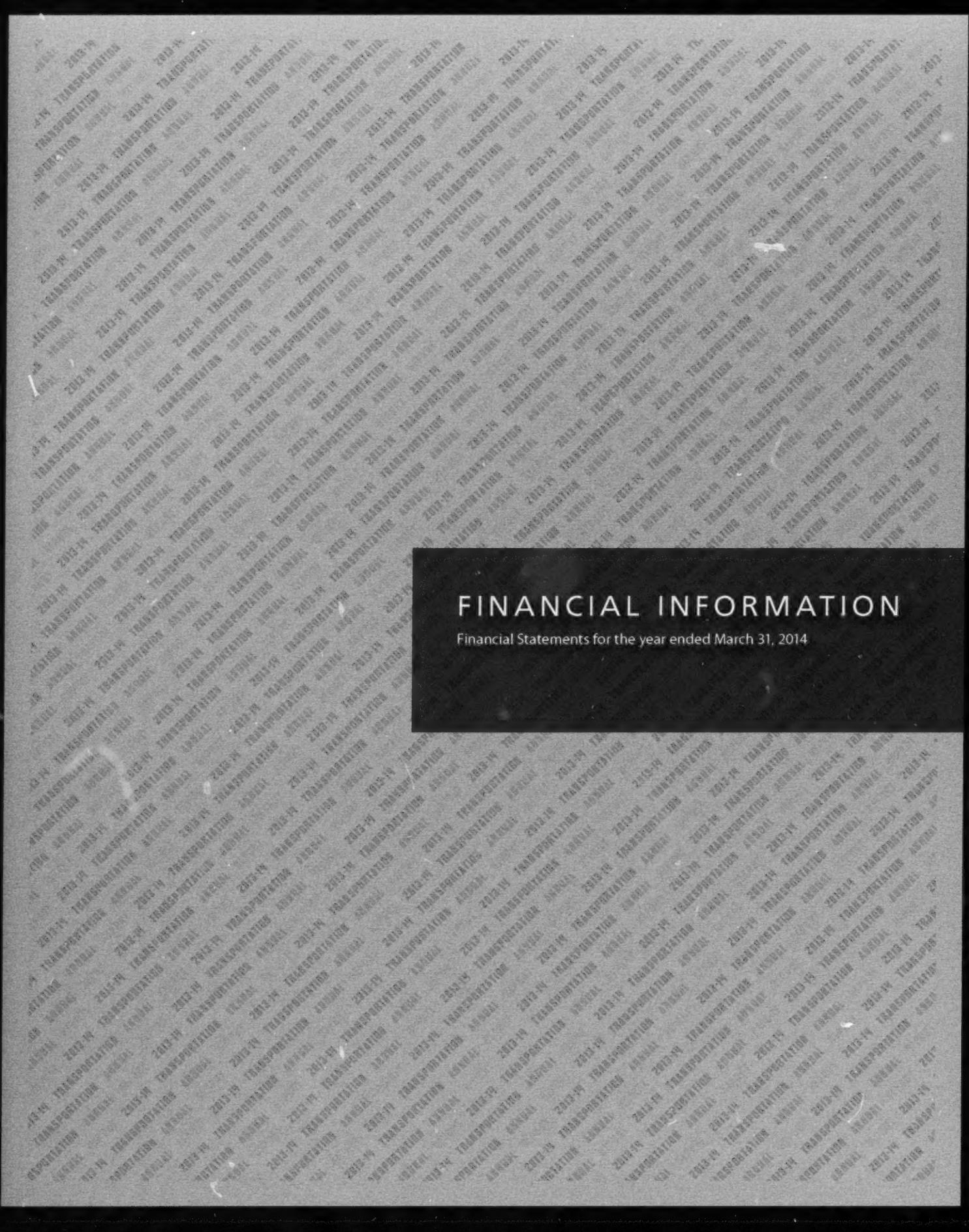
To monitor efforts to reduce the number of fatalities and major injuries on Alberta's roads, the Ministry monitors the combined fatal and major injury collision rate per 100,000 population (see Appendix A on page 111).

Results

During the 2013-14 reporting period, there were 2,622 combined fatal and major injury collisions reported in the province of Alberta. The three-year average combined fatal and major injury collision rate per 100,000 population was 66.6, exceeding our target by 0.9.

Combined Fatal and Major Injury Collision Rate





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Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Ministry of Transportation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Transportation as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 2, 2014

Edmonton, Alberta

MINISTRY OF TRANSPORTATION
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2014

	2014		2013
	Constructed Budget *(Schedule 4)*	Actual	Actual
		(in thousands)	
Revenues (Schedule 1)			
Government Transfers - Federal Grants (Note 7)	$ 234,278	$ 224,418	$ 234,483
Premiums, Fees and Licences	22,000	30,084	29,011
Other Revenue	8,013	22,296	20,756
	264,291	276,798	284,250
Expenses - Directly Incurred (Note 2(b) and Schedule 7)			
Program (Schedule 3)			
Ministry Support Services	29,063	29,365	27,024
Program Services and Support	28,569	29,072	27,147
Traffic Safety Services	29,452	27,299	27,387
Alberta Transportation Safety Board	2,414	1,791	1,666
Provincial Highway Maintenance and Preservation	875,989	943,071	935,736
Municipal Transportation Grant Programs	520,800	477,947	512,395
Municipal Water Infrastructure Grant Programs	75,000	78,858	167,876
Federal Grant Programs	229,781	213,092	236,765
2013 Alberta Flooding: Non Disaster Recovery Program	-	8,671	-
Debt Servicing	67,196	65,564	62,367
	1,858,264	1,874,730	1,998,363
Net Operating Results	$ (1,593,973)	$ (1,597,932)	$ (1,714,113)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2014

	2014	2013
	(in thousands)	
ASSETS		
Cash and Cash Equivalents	$ 544	$ 491
Accounts Receivable and Advances (Note 3)	46,316	45,460
Inventories	16,881	15,979
Tangible Assets Held for Transfer (Note 4)	170,540	169,047
Tangible Capital Assets (Note 5)	16,249,507	15,434,643
	$ 16,483,788	$ 15,665,620
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 297,217	$ 675,493
Holdbacks Payable	62,414	43,674
Deferred Revenue (Note 6)	1,036,127	957,514
Liabilities under Public Private Partnerships (Note 8)	1,804,677	1,597,222
Liabilities for Future Site Remediation and Reclamation (Note 2(b))	3,536	3,977
	$ 3,203,971	$ 3,277,880
NET ASSETS		
Net Assets at Beginning of Year	$ 12,387,740	$ 13,180,310
Less: Adjustment to opening net assets (Note 2(b))	(11,723)	(817,086)
Net Operating Results	(1,597,932)	(1,714,113)
Net Financing Provided from General Revenues	2,501,732	1,738,629
Net Assets at End of Year	13,279,817	12,387,740
	$ 16,483,788	$ 15,665,620

Contractual obligations and contingent liabilities (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
CONSOLIDATED STATEMENT OF CASH FLOWS
As at March 31, 2014

	2014	2013
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (1,597,932)	$ (1,714,113)
Non-cash items included in Net Operating Results:		
Amortization of Capital Assets and Consumption of Inventory	479,855	465,130
Gain on Disposal of Tangible Capital Assets	(86)	(108)
Non-Cash Adjustment	2,253	499
Deferred Capital Contribution recognized as Revenue	(24,038)	(20,238)
Grants in Kind	17,851	60,066
Donated and Contributed Tangible Capital Assets	(7,674)	(27,158)
Valuation Adjustments	(211)	(4)
	(1,129,982)	(1,235,926)
Changes in Working Capital		
(Increase) Decrease in Accounts Receivable	(856)	177,336
Increase(Decrease) in Accounts Payable and Accrued Liabilities	(378,505)	463,179
Increase(Decrease) in Holdbacks Payable	18,740	(8,773)
Increase in Deferred Revenue (Note 6)	2,980	(17,905)
Cash Applied to Operating Transactions	(1,487,623)	(622,089)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,051,133)	(1,229,420)
Purchase of Inventories	(49,351)	(50,570)
Transfer of Tangible Capital Assets to Other Government Entities [a]	10,022	27,666
Proceeds from Disposal of Tangible Capital Assets	126	432
Cash Applied to Capital and Inventory Transactions	(1,090,336)	(1,251,892)
Financing Transactions		
Repayment of Obligations under Public Private Partnerships	(23,391)	(20,976)
Contribution Restricted for Capital	99,671	156,465
Net Financing Provided from General Revenues	2,501,732	1,738,629
Cash Provided by Financing Transactions	2,578,012	1,874,118
Increase in Cash and Cash Equivalents	53	137
Cash and Cash Equivalents, Beginning of Year	491	354
Cash and Cash Equivalents, End of Year	$ 544	$ 491

(a) Capital asset book value of $9.885 Million, $0.111 Million and $0.026 Million were transferred to the Departments of Environment and Sustainable Resource Development, Infrastructure and Service Alberta, respectively.

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF TRANSPORTATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Transportation (the Ministry) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry consists of the Department of Transportation and the Alberta Transportation Safety Board. The Department of Transportation:

- leads the planning, construction and preservation of our provincial highway network to connect Alberta's communities and supports the province's economic and social growth;
- leads the Alberta Traffic Safety Plan and transportation safety services to reduce collisions and promote safe drivers, vehicles and roads;
- manages provincial and federal grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans;
- designs, constructs and maintains Alberta's water management infrastructure on behalf of Environment and Sustainable Resource Development; and
- promotes Alberta's interests in a safe and sustainable road-rail-air-port transportation system at all levels of government, national and international trade agreements and regulatory harmonization.

The Alberta Transportation Safety Board is the final and administrative authority for making operator licence determinations. The Board handles appeals of licence suspensions and vehicle seizures from the Registrar's Office and hearings under the *Railway (Alberta) Act.* While the Board reports to the Minister of Transportation, decisions are made independently in accordance with the *Traffic Safety Act* and the *Railway (Alberta) Act.*

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity and Method of Consolidation

The reporting entity is the Ministry of Transportation for which the Minister of Transportation is accountable. The accounts of the Ministry of Transportation are fully consolidated with the Department of Transportation and the Alberta Transportation Safety Board on a line-by-line basis with the accounting policies described below. Revenue and expense transactions, capital, investing and financing transactions, and related asset and liability balances between the consolidated entities have been eliminated. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(a) Reporting Entity and Method of Consolidation (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Accounting Policy Change

Effective April 1, 2012, the Ministry changed its policy for recording capital transfers and restricted capital contributions. Previously, capital transfers and restricted capital contributions were recorded as revenue when the tangible capital assets were acquired or constructed. As a result of this policy change, capital transfers and restricted capital contributions are recognized as deferred revenue upon receipt and transferred to revenue over the useful life of capital assets based on relevant stipulations by transferring government and restrictions by donors. This policy has been adopted retroactively without restatement of comparatives. As a result, the opening net assets/liabilities at April 1, 2012 have decreased/increased by $817,086. In addition, the Ministry transferred $10,910 to the Ministry of Environment and Sustainable Resource Development and the net result of this is zero.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Ministry's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the user of the transfer, are recorded as revenue when the department is eligible to receive the funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Capital Contributions and Donations

Restricted capital contributions or donations are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Donations are received from individuals, corporations, and private sector not-for-profit organizations. In kind donations of services and materials are recorded at fair value when such value can reasonably be determined.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
  - grants are recognized as expenses when authorized, eligibility criteria, if any are met and a reasonable estimate of the amounts can be made;
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are not recognized and are disclosed in Schedule 6 and allocated to programs in Schedule 7.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories consist of consumables (i.e. salt, sand and gravel) for the delivery of highway transportation programs and are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Disposal of capital assets for nominal sum, often referred to as nominal sum disposal grants, are reported at the book value of the asset.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Public Private Partnership (P3)

A Public Private Partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Ministry accounts for P3 projects in accordance with the substance of the underlying agreements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing the P3 agreement.
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Ministry operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Adjustment to 2014 Opening Net Assets

In 2014, the Ministry corrected prior years' error by reducing tangible capital assets by $11,723 and decreasing the opening net assets at April 1, 2013 by the same amount.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Liabilities for Future Site Remediation and Reclamation

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity.

The Ministry has compiled a list of all potential sites and reviews the list at least annually. The site remediation and reclamation liability is recorded when the sites are no longer in operation and where remediation is legally enforceable.

(c) 2013 Alberta Flooding

(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provide financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Department of Municipal Affairs reports the DRP expenses and the related revenues from the federal government. No DRP expenses are reported by the Ministry of Transportation.

Also, the Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

	2014	2013
Expenses – 2013 Alberta Flooding		
• Non Disaster Recovery Program Expense	$ 8,671	-
	$ 8,671	-

(d) Future Accounting Changes

PS 3260 Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Ministry would recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. Management does not expect the implementation of this standard to have a significant impact on the financial statements.

NOTE 3 ACCOUNTS RECEIVABLE AND ADVANCES

(in thousands)

Accounts receivable and advances are $46,309 (2013 - $45,449) and $7 (2013 - $11) respectively. The details of accounts receivable are as follows:

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Transfers from Government of Canada (Note 7)	$ 36,912	$ -	$ 36,912	$ 37,345
Contributions	1,963	-	1,963	494
Rental and Other	66	-	66	94
Fees, Permits and Licenses	2,657	34	2,623	3,189
Cost Recoveries	4,745	-	4,745	4,327
	$ 46,343	$ 34	$ 46,309	$ 45,449
2013 Total	$ 45,484	$ 35		

Accounts receivable are unsecured and non-interest bearing.

NOTE 4 TANGIBLE ASSETS HELD FOR TRANSFER

(in thousands)

Dams and water management structures are constructed by the Ministry and transferred to the Ministry of Environment and Sustainable Resource Development upon their completion. The Ministry of Transportation does not amortize these assets.

	2014 Historical Cost			
	Beginning of Year	Additions	Transfers, Adjustments, and Write-downs	End of Year
Dams and water management structures	$ 169,047	$ 11,464	$ (9,971)	$ 170,540
2013 Total	$ 174,616	$ 20,068	$ (25,637)	$ 169,047

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

	2014 Historical Cost [1]				
	Estimated Useful Life	Beginning of Year	Additions	Disposals, Adjustments, and Write-downs	End of Year
Land	Indefinite	$ 793,217	$ 6,960	$ (659)	$ 799,518
Buildings	40 years	6,199	-	-	6,199
Equipment	5-40 years	8,909	266	(25)	9,150
Computer hardware and software	3-10 years	128,979	4,245	(239)	132,985
Provincial highways and roads [2]	20-50 years	17,481,050	1,136,081	(35,842)	18,581,289
Bridges	50 years	1,919,386	130,634	(1,371)	2,048,649
Other [3]	3-40 years	44,655	-	(87)	44,568
		$ 20,382,395	$ 1,278,186	$ (38,223)	$ 21,622,358
2013 Total		$ 18,980,336	$ 1,469,682	$ (67,623)	$ 20,382,395

	2014 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2014	March 31, 2013
Land	$ -	$ -	$ -	$ -	$ 799,518	$ 793,217
Buildings	4,221	158	-	4,379	1,820	1,978
Equipment	3,978	345	-	4,323	4,827	4,931
Computer hardware and software	98,210	11,073	-	109,283	23,702	30,769
Provincial highways and roads [2]	4,355,897	376,238	(6,167)	4,725,968	13,855,321	13,125,153
Bridges	466,515	41,958	-	508,473	1,540,176	1,452,871
Other [3]	18,931	1,494	-	20,425	24,143	25,724
	$ 4,947,752	$ 431,266	$ (6,167)	$ 5,372,851	$ 16,249,507	$ 15,434,643
2013 Total	$ 4,538,767	$ 414,542	$ (5,557)	$ 4,947,752		

NOTE 5 TANGIBLE CAPITAL ASSETS (continued)

(in thousands)

(1) Included in the cost of land improvements, buildings, equipment, computer hardware and software, provincial highways and roads, and bridges is work in progress amounting to $1,177,787 (2013 - $1,250,474).

(2) Highways include original pavement and repaving overlays that represent improvements, roadbed, drainage works, and traffic control devices. Includes $1,884,792 historical cost (2013 - $1,653,946) and $99,333 accumulated amortization (2013 - $71,426) in alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships (P3) is $405,865 (2013 - $527,756) See Note 8.

(3) Includes trailers, leasehold improvements, and vehicle inspection stations.

NOTE 6 DEFERRED REVENUE

(in thousands)

	2014			2013		
	Federal Government	Other	Total	Federal Government	Other	Total
Unearned revenue (i)	$ 7,183	$ -	$ 7,183	$ 3,024	$ 1,179	$ 4,203
Unspent deferred capital contributions (ii)	-	-	-	-	-	-
Spent deferred capital contributions (iii)	810,382	218,562	1,028,944	743,075	210,236	953,311
	$ 817,565	$ 218,562	$ 1,036,127	$ 746,099	$ 211,415	$ 957,514
(i) Unearned revenue						
Balance, beginning of year	$ 3,024	$ 1,179	$ 4,203	$ -	$ -	$ -
Received/receivable during year	199,503	(1,179)	198,324	202,516	1,179	203,695
Less amounts recognized as revenue	(195,344)	-	(195,344)	(199,492)	-	(199,492)
Balance, end of year	$ 7,183	$ -	$ 7,183	$ 3,024	$ 1,179	$ 4,203
(ii) Unspent deferred capital contribution						
Balance, beginning of year	$ -	$ -	$ -	$ 22,106	$ -	$ 22,106
Cash contributions received/receivable during year	86,963	12,708	99,671	124,716	31,749	156,465
Transferred to spent deferred capital contributions	(86,963)	(12,708)	(99,671)	(146,822)	(31,749)	(178,571)
Balance, end of year	$ -	$ -	$ -	$ -	$ -	$ -
(iii) Spent deferred capital contributions						
Balance, beginning of year	$ 743,075	$ 210,236	$ 953,311	$ 612,563	$ 182,415	$ 794,978
Transferred capital assets received/receivable	-	-	-	-	-	-
Transferred from unspent deferred capital contributions	86,963	12,708	99,671	146,822	31,749	178,571
Less amounts recognized as revenue	(19,656)	(4,382)	(24,038)	(16,310)	(3,928)	(20,238)
Balance, end of year	$ 810,382	$ 218,562	$ 1,028,944	$ 743,075	$ 210,236	$ 953,311

NOTE 7 GOVERNMENT TRANSFERS – FEDERAL GRANTS

(in thousands)

The Ministry receives support for infrastructure from the Government of Canada through the following federal programs: Federal Gas Tax Fund, Canada Strategic Infrastructure Fund (CSIF), Provincial Base Fund, Building Canada Fund, Infrastructure Stimulus Fund, and Asia Pacific Gateway and Corridor Transportation Infrastructure Fund. Transfers from the Federal Government are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made. The full cost of provincial projects will be capitalized and amortized over the useful life of the infrastructure. The summary of each federal initiative is as follows:

Operating Federal Grants

Federal Gas Tax Fund
In 2005-06, the Federal Government announced the New Deal for Cities and Communities. Under this program, the Federal Government contributed $476,907 in funding to the Ministry over a five year period for Municipal Infrastructure ending in 2009-10. Subsequently, this program was renamed to Federal Gas Tax Fund and was extended for four years ending 2013-14 with $798,012 in additional funding. The total funding under this program will be $1,274,919. The program provides financial assistance for sustainable capital municipal infrastructure in support of cleaner air and water, and the reduction of greenhouse gases.

Building Canada Fund
In 2008-09, the Federal Government announced the Building Canada Fund. The Communities Component focuses on smaller-scale projects in communities with a population of less than 100,000. This program requires matching contribution from the province and municipalities. In 2009-10, the Federal Government committed to additional projects as a top-up to the Communities Component program

Capital Federal Grants

Canada Strategic Infrastructure Fund
The Canada Strategic Infrastructure Fund is a program whereby the Federal Government contributes funding to large scale infrastructure projects across the country. In 2012-13, there is one project that the Ministry is receiving funding for under CSIF – Highway 63 twinning of approximately 100 kilometers of road to Fort McMurray (up to $150,000 over seven years beginning in 2009-10).

Provincial Base Fund
The Provincial Base Fund is a program whereby the Federal Government contributes funding to the provinces to repair bridges, local roads and secondary highways from 2009 to 2014.

Building Canada Fund
In 2008-09, the Federal Government announced the Building Canada Fund. The Major Infrastructure Component focuses on large, strategic projects of national and regional priority. This program requires a matching provincial contribution.

NOTE 7 GOVERNMENT TRANSFERS – FEDERAL GRANTS (continued)

(in thousands)

Infrastructure Stimulus Fund

In 2009-10, the Federal Government established the Infrastructure Stimulus Fund to focus on rehabilitation work needed to maintain the safety and extend the useful life of existing infrastructure while stimulating economic growth in the short term. Funding was only available for projects that were substantially complete by October 31, 2011. This program required matching contribution from the province and municipalities.

Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund

In 2012-13, The Federal Government established the Asia Pacific Gateway and Corridor Transportation Infrastructure Fund to jointly fund the Highway 2 and 41 Avenue SW Intermodal Access Project up to a maximum of $75,000 ending in 2016-17.

Revenue, Deferred Revenue and Accounts Receivable recorded under Government Transfers – Federal Grants are as follows:

	2014			2013		
	Revenue	Deferred Revenue	Receivable	Revenue	Deferred Revenue	Receivable
Operating Federal Grants:						
Federal Gas Tax Fund	$ 195,344	$ 7,183	$ -	$ 199,492	$ 3,024	$ -
Building Canada Fund:						
Communities Component and Top Up	8,777	-	-	17,701	-	5,535
Other	642	-	518	979	-	684
Total Operating Federal Grants	**204,763**	**7,183**	**518**	**218,172**	**3,024**	**6,219**
Capital Federal Grants:						
Canada Strategic Infrastructure Fund	4,839	238,421	-	4,122	209,246	11,467
Provincial Base Fund	7,359	128,894	11,811	6,205	134,750	10,308
Building Canada Fund: Major Infrastructure Component	3,236	227,486	7,965	1,763	195,826	5,829
Infrastructure Stimulus Fund	4,221	196,468	69	4,221	200,689	958
Asia Pacific Gateway and Corridor Transportation Infrastructure Fund	-	19,113	16,549	-	2,564	2,564
Total Capital Federal Grants	**19,655**	**810,382**	**36,394**	**16,311**	**743,075**	**31,126**
Total	**$ 224,418**	**$ 817,565**	**$ 36,912**	**$ 234,483**	**$ 746,099**	**$ 37,345**

NOTE 8 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

(in thousands)

The Ministry has entered into contracts for the design, finance, build and operation of the following public private partnerships: Anthony Henday - South East, North West and North East Edmonton Ring Road, and Stoney Trail - North East and South East Calgary Ring Road.

The details of the 34 year contract for the project that is under construction is as follows:

Project	Contractor	Date contract entered into	Scheduled completion date	Date capital payments begin[(a)]
Anthony Henday – North East Edmonton Ring Road	CAPITAL CITY LINK GENERAL PARTNERSHIP (a consortium of companies)	May 2012	September 2016	October 2016

(a) Capital payments begin on the date specified or upon completion of the project, whichever is later.

The details of the contracts for those projects already operational are as follows:

Project	Contractor	Date contract entered into	Completion date	Date capital payments began
Anthony Henday - South East Edmonton Ring Road	Access Roads Edmonton Ltd. (a consortium of companies)	January 2005	October 2007	November 2007
Stoney Trail - North East Calgary Ring Road	Stoney Trail Group (a consortium of companies)	February 2007	October 2009	November 2009
Anthony Henday - North West Edmonton Ring Road	NORTHWESTCONNECT GENERAL PARTNERSHIP (a consortium of companies)	July 2008	October 2011	November 2011
Stoney Trail - South East Calgary Ring Road	CHINOOK ROADS PARTNERSHIP (a consortium of companies)	March 2010	November 2013	November 2013

The calculation of the liabilities under public private partnerships is as follows:

	2014	2013
Liabilities, beginning of year	$ 1,597,222	$ 1,385,026
Additions to liabilities during the year	230,846	233,172
Principal payments	(23,391)	(20,976)
Liabilities, end of year	$ 1,804,677	$ 1,597,222

NOTE 9 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
Capital Investment		
Construction Contracts and Service Agreements	$ 963,580	$ 658,696
Expense		
Maintenance Contracts and Service Agreements	955,119	610,117
Grants	659,912	1,401,558
Obligations under public private partnerships		
Operation and maintenance payments	3,500,413	1,913,626
Progress Payments	499,972	789,635
Capital Payments	2,213,612	2,237,525
	$ 8,792,608	$ 7,611,157

Estimated payment requirements for each of the next five years and thereafter as follows:

Obligations Under Operating Leases, Contracts and Programs

	Capital Payments	Expense		
	Construction Contracts and Service Agreements	Maintenance Contracts and Service Agreements	Grants	Total
2014-15	$ 574,521	$ 260,157	$ 384,206	$ 1,218,884
2015-16	272,500	181,137	238,357	691,994
2016-17	101,669	143,123	14,039	258,831
2017-18	7,407	84,251	23,310	114,968
2018-19	3,627	63,714	-	67,341
Thereafter	3,856	222,737	-	226,593
	$ 963,580	$ 955,119	$ 659,912	$ 2,578,611

NOTE 9 CONTRACTUAL OBLIGATIONS (continued)

(in thousands)

Obligations under Capital Leases and Public Private Partnerships

	Operation, Maintenance and Rehabilitation Payments	Progress Payments	Capital Payments
2014-15	$ 53,994	$ 259,912	$ 98,865
2015-16	55,933	139,277	98,865
2016-17	64,542	100,783	119,726
2017-18	75,777	-	140,587
2018-19	82,698	-	140,587
Thereafter	3,167,469	-	3,296,364
	$ 3,500,413	$ 499,972	$ 3,894,994
Less amount representing interest			(1,681,382)
Total NPV of capital payments at scheduled completion date			$ 2,213,612

NOTE 10 CONTINGENT LIABILITIES

(in thousands)

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2014 accruals totaling $12,171 (2013 - $20,217) have been recorded as a liability. The total amount claimed for all likely claims is $163,866 (2013 - $161,235). Included in the total likely claims are claims in which the Ministry has been jointly named with other departments. The accrual provided for these claims represents the Ministry's portion of the liability. Included in the total likely claims are claims covered in whole or in part by the Alberta Risk Management Fund. The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The Ministry has been named in ninety-seven (2013 – eighty-four) claims of which the outcome is not determinable. Of these claims, sixty-two (2013 – seventy-three) have specified amounts totaling $5,155,666 (2013 – $5,514,104). The remaining thirty-five (2013 – eleven) claims have no amounts specified. Included in the total claims, forty-one claims totaling $51,059 (2013 – forty-eight claims totaling $95,508) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

Trust funds under the Ministry's administration were as follows:

	2014	2013
Impaired Driving Initiatives Trust Fund	$ 552	$ 494
	$ 552	$ 494

The Impaired Driving Initiatives Trust Fund holds fines from individuals convicted of impaired driving. Trust funds are used for education programs.

NOTE 12 PAYMENTS UNDER AGREEMENT

(in thousands)

The Ministry has entered into agreements to deliver programs and services that are partly funded by the Government of Canada, the Kananaskis Improvement District and private companies. Costs incurred under these agreements are made by the Ministry under authority in Section 25 of the *Financial Administration Act*.

Amounts paid and payable under agreements with program sponsors are as follows:

	2014	2013
Kananaskis Improvement District (program sponsor) Roadway maintenance	$ 73	$ 73
	$ 73	$ 73

NOTE 13 BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employee Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $8,846 for the year ended March 31, 2014 (2013 - $8,014). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of $50,457 (2012 - deficiency $303,423) and the Public Service Pension Plan reported a deficiency of $1,254,678 (2012 - deficiency $1,645,141). At December 31, 2013, the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $12,384 (2012 - deficiency $51,870).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of $75,200 (2013 - surplus $51,717) and the Management, Opted Out and Excluded Plan an actuarial surplus of $24,055 (2013 - surplus $18,327). The expense for these two plans is limited to the employer's annual contribution for the year.

NOTE 14 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

MINISTRY OF TRANSPORTATION **Schedule 1**
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED REVENUES
Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
		(in thousands)	
Government Transfers - Federal Grants			
Federal - Gas Tax Fund	$ 199,503	$ 195,344	$ 199,492
Building Canada - Communities/Base Component	22,059	16,136	23,906
Building Canada - Major Infrastructure Component	3,236	3,236	1,763
Canadian Strategic Infrastructure Fund	4,839	4,839	4,122
Infrastructure Stimulus Fund	4,221	4,221	4,221
Other	420	642	979
	234,278	224,418	234,483
Premiums, Fees and Licenses			
Motor Transport Services & Other Premiums	22,000	30,084	29,011
Other Revenue			
Refunds of Expenditure	1,475	2,829	4,907
Tourism Highway Signage Initiative	1,500	706	617
Cost Recoveries	-	6,750	6,125
Contributions	4,393	2,038	2,005
Donated Tangible Capital Assets	-	2,345	1,924
Gain from Disposals of Tangible Capital Assets	-	87	108
Miscellaneous	645	7,541	5,070
	8,013	22,296	20,756
	$ 264,291	$ 276,798	$ 284,250

MINISTRY OF TRANSPORTATION **Schedule 2**

SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT

Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 71,228	$ 67,105	$ 63,811
Supplies and Services	420,909	458,561	428,559
Grants	823,460	791,409	978,146
Financial Transactions and Other	67,306	77,800	62,717
Amortization of Tangible Capital Assets and Consumption of Inventory	475,361	479,855	465,130
	$ 1,858,264	$ 1,874,730	$ 1,998,363

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS **Schedule 3**
CONSOLIDATED BUDGET
Year ended March 31, 2014

	2013-14 Estimates	Adjustments to Conform to Accounting Policy	2013-14 Constructed Budget
		(in thousands)	
Revenues			
Government Transfers - Federal Grants	$ 420	$ 233,858	$ 234,278
Premiums, Fees and Licences	19,000	3,000	22,000
Other Revenue	2,120	5,893	8,013
	21,540	242,751	264,291
Expenses - Directly Incurred			
Programs			
Ministry Support Services	29,063	-	29,063
Program Services and Support	28,569	-	28,569
Traffic Safety Services	29,452	-	29,452
Alberta Transportation Safety Board	2,414	-	2,414
Provincial Highway Maintenance and Preservation	863,989	12,000	875,989
Municipal Transportation Grant Programs	-	520,800	520,800
Municipal Water Infrastructure Grant Programs	-	75,000	75,000
Federal Grant Programs	-	229,781	229,781
Debt Servicing	-	67,196	67,196
	953,487	904,777	1,858,264
Net Operating Results	$ (931,947)	$ (662,026)	$ (1,593,973)
Capital Spending	$ 2,226,738	$ (904,777)	$ 1,321,961
Financial Transactions	$ 63,914	$ -	$ 63,914

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED LOTTERY FUND ESTIMATES
Year ended March 31, 2014

Schedule 4

	2013-14 Lottery Fund Estimates	2013-14 Actual	*Unexpended (Over Expended)*
		(in thousands)	
Provincial Highway Preservation	$ 40,000	$ 40,000	$ -
	$ 40,000	$ 40,000	$ -

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2013-14. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the Ministry that are funded by the Lottery Fund and compares it to the actual results.

MINISTRY OF TRANSPORTATION **Schedule 5**
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2014

	2014				2013
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Deputy Minister [4][5]	$ 267,932	$ 3,549	$ 19,785	$ 291,266	$344,912
Chair, Transportation Safety Board	$ 176,666	$ 55,898	$ 4,757	$ 237,321	$ 177,831
Assistant Deputy Ministers					
Safety, Policy and Engineering	192,891	38,802	56,947	288,640	270,037
Engineering Services [6]	162,468	280,366	46,441	489,275	229,492
Delivery Services [5]	177,020	1,850	22,133	201,003	240,935
Corporate Services and Information[7]	50,045	1,850	15,902	67,797	237,808
Flood Recovery Task Force [8]	153,042	47,600	46,167	246,809	-
Executive Directors					
Finance [9]	70,001	-	19,390	89,391	138,123
Human Resources [5][10]	156,328	40,326	44,824	241,478	189,988

(1) Base salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payouts, lump sum payments and severance. There were no bonuses paid in 2014.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided to current incumbent, no dollar amount included in other non-cash benefits. Automobile allowance was provided to previous incumbent and the dollar amounts are included in other cash benefits.
(5) The position was occupied by two individuals at different times during the year.
(6) Position was deleted on February 10, 2014.
(7) The position was occupied by two individuals at different times during the year and was vacant from June 1, 2013 to February 10, 2014.
(8) Position created on July 8, 2013.
(9) The position was occupied by three individuals and was vacant at different times during the year.
(10) The incumbent's services are shared with the Department of Infrastructure which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

MINISTRY OF TRANSPORTATION **Schedule 6**
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED RELATED PARTY TRANSACTIONS
Year ended March 31, 2014
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2014	2013
Expenses - Directly Incurred		
Business and Technology Services	$ 3,151	$ 2,735
SUCH[1] Sector Entities	1,147	809
Parking	6	5
Insurance	353	454
Air Maps and Photos	4	9
	$ 4,661	$ 4,012
Net Tangible Capital Assets Transferred	$ 10,022	$ 27,666

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 7.

	Other Entities	
	2014	2013
Revenue		
Road/Bridge Maintenance	$ 5,563	$ 5,909
Expenses - Incurred by Others (Schedule 7)		
Accommodation	$ 8,334	$ 8,919
Air Transportation/Executive Vehicles	68	58
Business Services	5,576	5,661
Legal Services	1,731	1,529
	$ 15,709	$ 16,167

[1] SUCH - Schools, Universities, Colleges and Hospitals

MINISTRY OF TRANSPORTATION
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED ALLOCATED COSTS
Year ended March 31, 2014
(in thousands)

Schedule 7

	2014					2013
		Expenses - Incurred by Others				
Program	**Expenses [1]**	**Accommodation Costs [2]**	**Business Services [3]**	**Legal Services [4]**	**Total Expenses**	**Total Expenses**
Ministry Support Services	$ 29,365	$ 1,085	$ 5,644	$ 679	$ 36,773	$ 34,497
Program Services and Support	$ 29,072	5,030	-	456	34,558	33,193
Traffic Safety Services	$ 27,299	2,101	-	593	29,993	29,898
Alberta Transportation Safety Board	$ 1,791	118	-	3	1,912	1,803
Provincial Highway Maintenance and Preservation	$ 943,071	-	-	-	943,071	935,736
Municipal Transportation Grant Programs	$ 477,947	-	-	-	477,947	512,395
Municipal Water Infrastructure Grant Programs	$ 78,858	-	-	-	78,858	167,876
Federal Grant Programs	$ 213,092	-	-	-	213,092	236,765
2013 Alberta Flooding: Non Disaster Recovery Program	$ 8,671	-	-	-	8,671	-
Debt Servicing	$ 65,564	-	-	-	65,564	62,367
	$ 1,874,730	$ 8,334	$ 5,644	$ 1,731	$ 1,890,439	$ 2,014,530

(1) Expenses - Directly Incurred as per Statement of Operations.
(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by number of employees in program.
(3) Costs shown for Business Services include charges for financial and information technology support, internal audit and vehicles and air transportation.
(4) Cost shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

Department of Transportation Financial Statements

For the year ended March 31, 2014

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Independent Auditor's Report

AUDITOR GENERAL *Alberta*

To the Minister of Transportation

Report on the Financial Statements

I have audited the accompanying financial statements of the Department of Transportation, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Transportation as at March 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 2, 2014

Edmonton, Alberta

DEPARTMENT OF TRANSPORTATION
STATEMENT OF OPERATIONS
Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
	(Schedule 4)	*(in thousands)*	
Revenues (Schedule 1)			
Government Transfers - Federal Grants (Note 7)	$ 234,278	$ 224,418	$ 234,483
Premiums, Fees and Licences	22,000	30,084	29,011
Other Revenue	8,013	22,296	20,756
	264,291	276,798	284,250
Expenses - Directly Incurred (Note 2(b) and Schedule 8)			
Program (Schedules 3 and 5)			
Ministry Support Services	29,063	29,365	27,024
Program Services and Support	28,569	29,072	27,147
Traffic Safety Services	29,452	27,299	27,387
Grant to Alberta Transportation Safety Board	2,414	2,414	1,661
Provincial Highway Maintenance and Preservation	875,989	943,071	935,736
Municipal Transportation Grant Programs	520,800	477,947	512,395
Municipal Water Infrastructure Grant Programs	75,000	78,858	167,876
Federal Grant Programs	229,781	213,092	236,765
2013 Alberta Flooding: Non Disaster Recovery Program	-	8,671	-
Debt Servicing	67,196	65,564	62,367
	1,858,264	1,875,353	1,998,358
Net Operating Results	$ (1,593,973)	$ (1,598,555)	$ (1,714,108)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF TRANSPORTATION
STATEMENT OF FINANCIAL POSITION
As at March 31, 2014

	2014	2013
	(in thousands)	
ASSETS		
Cash and Cash Equivalents	$ 544	$ 491
Accounts Receivable and Advances (Note 3)	46,316	45,460
Inventories	16,881	15,979
Tangible Assets Held for Transfer (Note 4)	170,540	169,047
Tangible Capital Assets (Note 5)	16,249,507	15,434,643
	$ 16,483,788	$ 15,665,620
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 297,046	$ 675,328
Holdbacks Payable	62,414	43,674
Deferred Revenue (Note 6)	1,036,127	957,514
Liabilities under Public Private Partnerships (Note 8)	1,804,677	1,597,222
Liabilities for Future Site Remediation and Reclamation (Note 2(b))	3,536	3,977
	$ 3,203,800	$ 3,277,715
NET ASSETS		
Net Assets at Beginning of Year	$ 12,387,905	$ 13,180,453
Less: Adjustment to opening net assets (Note 2(b))	(11,723)	(817,086)
Net Operating Results	(1,598,555)	(1,714,108)
Net Financing Provided from General Revenues	2,502,361	1,738,646
Net Assets at End of Year	13,279,988	12,387,905
	$ 16,483,788	$ 15,665,620

Contractual obligations and contingent liabilities (Notes 9 and 10)

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF TRANSPORTATION
STATEMENT OF CASH FLOWS
As at March 31, 2014

	2014	2013
	(in thousands)	
Operating Transactions		
Net Operating Results	$ (1,598,555)	$ (1,714,108)
Non-cash items included in Net Operating Results:		
Amortization of Capital Assets and Consumption of Inventory	479,855	465,130
Gain on Disposal of Tangible Capital Assets	(86)	(108)
Non-Cash Adjustment	2,253	499
Deferred Capital Contribution recognized as Revenue	(24,038)	(20,238)
Grants in Kind	17,851	60,066
Donated and Contributed Tangible Capital Assets	(7,674)	(27,158)
Valuation Adjustments	(182)	(9)
	(1,130,576)	(1,235,926)
Changes in Working Capital		
(Increase) Decrease in Accounts Receivable	(856)	177,336
Increase(Decrease) in Accounts Payable and Accrued Liabilities	(378,540)	463,162
Increase(Decrease) in Holdbacks Payable	18,740	(8,773)
Increase in Deferred Revenue (Note 6)	2,980	(17,905)
Cash Applied to Operating Transactions	(1,488,252)	(622,106)
Capital Transactions		
Acquisition of Tangible Capital Assets	(1,051,133)	(1,229,420)
Purchase of Inventories	(49,351)	(50,570)
Transfer of Tangible Capital Assets to Other Government Entities [a]	10,022	27,666
Proceeds from Disposal of Tangible Capital Assets	126	432
Cash Applied to Capital and Inventory Transactions	(1,090,336)	(1,251,892)
Financing Transactions		
Repayment of Obligations under Public Private Partnerships	(23,391)	(20,976)
Contribution Restricted for Capital	99,671	156,465
Net Financing Provided from General Revenues	2,502,361	1,738,646
Cash Provided by Financing Transactions	2,578,641	1,874,135
Increase in Cash and Cash Equivalents	53	137
Cash and Cash Equivalents, Beginning of Year	491	354
Cash and Cash Equivalents, End of Year	$ 544	$ 491

(a) Capital asset book value of $9.885 Million, $0.111 Million and $0.026 Million were transferred to the Departments of Environment and Sustainable Resource Development, Infrastructure and Service Alberta, respectively.

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF TRANSPORTATION
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 AUTHORITY AND PURPOSE

The Department of Transportation (the Department) operates under the authority of the Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.

The Department of Transportation:

- leads the planning, construction and preservation of our provincial highway network to connect Alberta's communities and supports the province's economic and social growth;
- leads the Alberta Traffic Safety Plan and transportation safety services to reduce collisions and promote safe drivers, vehicles and roads;
- manages provincial and federal grant programs to help municipalities develop and preserve their transportation systems and other priority infrastructure for Albertans;
- designs, constructs and maintains Alberta's water management infrastructure on behalf of Environment and Sustainable Resource Development; and
- promotes Alberta's interests in a safe and sustainable road-rail-air-port transportation system at all levels of government, national and international trade agreements and regulatory harmonization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity

The reporting entity is the Department of Transportation, which is part of the Ministry of Transportation for which the Minister of Transportation is accountable. Other entity reporting to the Minister is the Alberta Transportation Safety Board. The activities of this organization are not included in these financial statements. The ministry annual report provides a more comprehensive accounting of the financial position and results of the ministry's operations for which the minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

Accounting Policy Change

Effective April 1, 2012, the Department changed its policy for recording capital transfers and restricted capital contributions. Previously, capital transfers and restricted capital contributions were recorded as revenue when the tangible capital assets were acquired or constructed. As a result of this policy change, capital transfers and restricted capital contributions are recognized as deferred revenue upon receipt and transferred to revenue over the useful life of capital assets based on relevant stipulations by transferring government and restrictions by donors. This policy has been adopted retroactively without restatement of comparatives. As a result, the opening net assets/liabilities at April 1, 2012 have decreased/increased by $817,086. In addition, the Department transferred $10,910 to the Ministry of Environment and Sustainable Resource Development and the net result of this is zero.

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Department's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the user of the transfer, are recorded as revenue when the department is eligible to receive the funds.

Capital Contributions and Donations

Restricted capital contributions or donations are recognized as deferred revenue when received and recognized as revenue over the useful life of the acquired or constructed tangible capital assets.

Donations are received from individuals, corporations, and private sector not-for-profit organizations. In kind donations of services and materials are recorded at fair value when such value can reasonably be determined.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Credit or Recovery

Credit or recovery initiatives provide a basis for authorizing spending. Credits or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual Credit or Recovery amounts exceed budget, the Department may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses of the program. Schedule 2 discloses information on the Department's Credit or Recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- government transfers which are transfers of money to an individual, an organization or another government for which the Department does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
  - grants are recognized as expenses when authorized, eligibility criteria, if any are met and a reasonable estimate of the amounts can be made;
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurred by Others

Services contributed by other entities in support of the Department operations are not recognized and are disclosed in Schedule 8 and allocated to programs in Schedule 9.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to cash and financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Inventories consist of consumables (i.e. salt, sand and gravel) for the delivery of highway transportation programs and are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

Contributed tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the tangible capital asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Disposal of capital assets for nominal sum, often referred to as nominal sum disposal grants, are reported at the book value of the asset.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Public Private Partnership (P3)

A Public Private Partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Department accounts for P3 projects in accordance with the substance of the underlying agreements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing of the P3 agreement.
- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing of the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Adjustment to 2014 Opening Net Assets

In 2014, the Department corrected prior years' error by reducing tangible capital assets by $11,723 and decreasing the opening net assets at April 1, 2013 by the same amount.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

Liabilities for Future Site Remediation and Reclamation

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity.

The Department has compiled a list of all potential sites and reviews the list at least annually. The site remediation and reclamation liability is recorded when the sites are no longer in operation and where remediation is legally enforceable.

(c) 2013 Alberta Flooding

(in thousands)

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provide financial assistance to impacted individuals, small businesses, municipalities, and government departments for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency of the Department of Municipal Affairs through the authority of the *Disaster Recovery Regulation*.

The Department of Municipal Affairs reports the DRP expenses and the related revenues from the federal government. No DRP expenses are reported by the Department of Transportation.

Also, the Province's flood recovery initiatives include non-disaster recovery programs (non-DRP). Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

	2014	2013
Expenses – 2013 Alberta Flooding		
• Non Disaster Recovery Program Expense	$ 8,671	-
	$ 8,671	-

(d) Future Accounting Changes

PS 3260 Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Department would recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. Management does not expect the implementation of this standard to have a significant impact on the financial statements.

NOTE 3 ACCOUNTS RECEIVABLE AND ADVANCES

(in thousands)

Accounts receivable and advances are $46,309 (2013 - $45,449) and $7 (2013 - $11) respectively. The details of accounts receivable are as follows:

	2014			2013
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Transfers from Government of Canada (Note 7)	$ 36,912	$ -	$ 36,912	$ 37,345
Contributions	1,963	-	1,963	494
Rental and Other	66	-	66	94
Fees, Permits and Licenses	2,657	34	2,623	3,189
Cost Recoveries	4,745	-	4,745	4,327
	$ 46,343	$ 34	$ 46,309	$ 45,449
2013 Total	$ 45,484	$ 35		

Accounts receivable are unsecured and non-interest bearing.

NOTE 4 TANGIBLE ASSETS HELD FOR TRANSFER

(in thousands)

Dams and water management structures are constructed by the Department and transferred to the Department of Environment and Sustainable Resource Development upon their completion. The Department of Transportation does not amortize these assets.

	2014 Historical Cost			
	Beginning of Year	Additions	Transfers, Adjustments, and Write-downs	End of Year
Dams and water management structures	$ 169,047	$ 11,464	$ (9,971)	$ 170,540
2013 Total	$ 174,616	$ 20,068	$ (25,637)	$ 169,047

NOTE 5 TANGIBLE CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Department are summarized below.

		2014 Historical Cost [1]			
	Estimated Useful Life	Beginning of Year	Additions	Disposals, Adjustments, and Write-downs	End of Year
Land	Indefinite	$ 793,217	$ 6,960	$ (659)	$ 799,518
Buildings	40 years	6,199	-	-	6,199
Equipment	5-40 years	8,909	266	(25)	9,150
Computer hardware and software	3-10 years	128,979	4,245	(239)	132,985
Provincial highways and roads [2]	20-50 years	17,481,050	1,136,081	(35,842)	18,581,289
Bridges	50 years	1,919,386	130,634	(1,371)	2,048,649
Other [3]	3-40 years	44,655	-	(87)	44,568
		$ 20,382,395	$ 1,278,186	$ (38,223)	$ 21,622,358
2013 Total		$ 18,980,336	$ 1,469,682	$ (67,623)	$ 20,382,395

	2014 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2014	March 31, 2013
Land	$ -	$ -	$ -	$ -	$ 799,518	$ 793,217
Buildings	4,221	158	-	4,379	1,820	1,978
Equipment	3,978	345	-	4,323	4,827	4,931
Computer hardware and software	98,210	11,073	-	109,283	23,702	30,769
Provincial highways and roads [2]	4,355,897	376,238	(6,167)	4,725,968	13,855,321	13,125,153
Bridges	466,515	41,958	-	508,473	1,540,176	1,452,871
Other [3]	18,931	1,494	-	20,425	24,143	25,724
	$ 4,947,752	$ 431,266	$ (6,167)	$ 5,372,851	$ 16,249,507	$ 15,434,643
2013 Total	$ 4,538,767	$ 414,542	$ (5,557)	$ 4,947,752		

NOTE 5 TANGIBLE CAPITAL ASSETS (continued)

(in thousands)

(1) Included in the cost of land improvements, buildings, equipment, computer hardware and software, provincial highways and roads, and bridges is work in progress amounting to $1,177,787 (2013 - $1,250,474).

(2) Highways include original pavement and repaving overlays that represent improvements, roadbed, drainage works, and traffic control devices. Includes $1,884,792 historical cost (2013 - $1,653,946) and $99,333 accumulated amortization (2013 - $71,426) in alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships (P3) is $405,865 (2013 - $527,756) See Note 8.

(3) Includes trailers, leasehold improvements, and vehicle inspection stations.

NOTE 6 DEFERRED REVENUE

(in thousands)

	2014			2013		
	Federal Government	Other	Total	Federal Government	Other	Total
Unearned revenue (i)	$ 7,183	$ -	$ 7,183	$ 3,024	$ 1,179	$ 4,203
Unspent deferred capital contributions (ii)	-	-	-	-	-	-
Spent deferred capital contributions (iii)	810,382	218,562	1,028,944	743,075	210,236	953,311
	$ 817,565	$ 218,562	$ 1,036,127	$ 746,099	$ 211,415	$ 957,514
(i) Unearned revenue						
Balance, beginning of year	$ 3,024	$ 1,179	$ 4,203	$ -	$ -	$ -
Received/receivable during year	199,503	(1,179)	198,324	202,516	1,179	203,695
Less amounts recognized as revenue	(195,344)	-	(195,344)	(199,492)	-	(199,492)
Balance, end of year	$ 7,183	$ -	$ 7,183	$ 3,024	$ 1,179	$ 4,203
(ii) Unspent deferred capital contribution						
Balance, beginning of year	$ -	$ -	$ -	$ 22,106	$ -	$ 22,106
Cash contributions received/receivable during year	86,963	12,708	99,671	124,716	31,749	156,465
Transferred to spent deferred capital contributions	(86,963)	(12,708)	(99,671)	(146,822)	(31,749)	(178,571)
Balance, end of year	$ -	$ -	$ -	$ -	$ -	$ -
(iii) Spent deferred capital contributions						
Balance, beginning of year	$ 743,075	$ 210,236	$ 953,311	$ 612,563	$ 182,415	$ 794,978
Transferred capital assets received/receivable	-	-	-	-	-	-
Transferred from unspent deferred capital contributions	86,963	12,708	99,671	146,822	31,749	178,571
Less amounts recognized as revenue	(19,656)	(4,382)	(24,038)	(16,310)	(3,928)	(20,238)
Balance, end of year	$ 810,382	$ 218,562	$ 1,028,944	$ 743,075	$ 210,236	$ 953,311

NOTE 7 GOVERNMENT TRANSFERS – FEDERAL GRANTS

(in thousands)

The Department receives support for infrastructure from the Government of Canada through the following federal programs: Federal Gas Tax Fund, Canada Strategic Infrastructure Fund (CSIF), Provincial Base Fund, Building Canada Fund, Infrastructure Stimulus Fund, and Asia Pacific Gateway and Corridor Transportation Infrastructure Fund. The full cost of provincial projects will be capitalized and amortized over the useful life of the infrastructure. The summary of each federal initiative is as follows:

NOTE 7 GOVERNMENT TRANSFERS – FEDERAL GRANTS (continued)

(in thousands)

Operating Federal Grants

Federal Gas Tax Fund
In 2005-06, the Federal Government announced the New Deal for Cities and Communities. Under this program, the Federal Government contributed $476,907 in funding to the Department over a five year period for Municipal Infrastructure ending in 2009-10. Subsequently, this program was renamed to Federal Gas Tax Fund and was extended for four years ending 2013-14 with $798,012 in additional funding. The total funding under this program will be $1,274,919. The program provides financial assistance for sustainable capital municipal infrastructure in support of cleaner air and water, and the reduction of greenhouse gases.

Building Canada Fund
In 2008-09, the Federal Government announced the Building Canada Fund. The Communities Component focuses on smaller-scale projects in communities with a population of less than 100,000. This program requires matching contribution from the province and municipalities. In 2009-10, the Federal Government committed to additional projects as a top-up to the Communities Component program

Capital Federal Grants

Canada Strategic Infrastructure Fund
The Canada Strategic Infrastructure Fund is a program whereby the Federal Government contributes funding to large scale infrastructure projects across the country. In 2012-13, there is one project that the Department is receiving funding for under CSIF – Highway 63 twinning of approximately 100 kilometers of road to Fort McMurray (up to $150,000 over seven years beginning in 2009-10).

Provincial Base Fund
The Provincial Base Fund is a program whereby the Federal Government contributes funding to the provinces to repair bridges, local roads and secondary highways from 2009 to 2014.

Building Canada Fund
In 2008-09, the Federal Government announced the Building Canada Fund. The Major Infrastructure Component focuses on large, strategic projects of national and regional priority. This program requires a matching provincial contribution.

Infrastructure Stimulus Fund
In 2009-10, the Federal Government established the Infrastructure Stimulus Fund to focus on rehabilitation work needed to maintain the safety and extend the useful life of existing infrastructure while stimulating economic growth in the short term. Funding was only available for projects that were substantially complete by October 31, 2011. This program required matching contribution from the province and municipalities.

NOTE 7 GOVERNMENT TRANSFERS – FEDERAL GRANTS (continued)

(in thousands)

Asia-Pacific Gateway and Corridor Transportation Infrastructure Fund

In 2012-13, The Federal Government established the Asia Pacific Gateway and Corridor Transportation Infrastructure Fund to jointly fund the Highway 2 and 41 Avenue SW Intermodal Access Project up to a maximum of $75,000 ending in 2016-17.

Revenue, Deferred Revenue and Accounts Receivable recorded under Government Transfers – Federal Grants are as follows:

	2014			2013		
	Revenue	Deferred Revenue	Receivable	Revenue	Deferred Revenue	Receivable
Operating Federal Grants:						
Federal Gas Tax Fund	$ 195,344	$ 7,183	$ -	$ 199,492	$ 3,024	$ -
Building Canada Fund:						
Communities Component and Top Up	8,777	-	-	17,701	-	5,535
Other	642	-	518	979	-	684
Total Operating Federal Grants	**204,763**	**7,183**	**518**	**218,172**	**3,024**	**6,219**
Capital Federal Grants:						
Canada Strategic Infrastructure Fund	4,839	238,421	-	4,122	209,246	11,467
Provincial Base Fund	7,359	128,894	11,811	6,205	134,750	10,308
Building Canada Fund: Major Infrastructure Component	3,236	227,486	7,965	1,763	195,826	5,829
Infrastructure Stimulus Fund	4,221	196,468	69	4,221	200,689	958
Asia Pacific Gateway and Corridor Transportation Infrastructure Fund	-	19,113	16,549	-	2,564	2,564
Total Capital Federal Grants	**19,655**	**810,382**	**36,394**	**16,311**	**743,075**	**31,126**
Total	**$ 224,418**	**$ 817,565**	**$ 36,912**	**$ 234,483**	**$ 746,099**	**$ 37,345**

NOTE 8 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

(in thousands)

The Department has entered into contracts for the design, finance, build and operation of the following public private partnerships: Anthony Henday - South East, North West and North East Edmonton Ring Road, and Stoney Trail - North East and South East Calgary Ring Road.

The details of the 34 year contract for the project that is under construction is as follows:

Project	Contractor	Date contract entered into	Scheduled completion date	Date capital payments begin[(a)]
Anthony Henday – North East Edmonton Ring Road	CAPITAL CITY LINK GENERAL PARTNERSHIP (a consortium of companies)	May 2012	September 2016	October 2016

(a) Capital payments begin on the date specified or upon completion of the project, whichever is later.

The details of the contracts for those projects already operational are as follows:

Project	Contractor	Date contract entered into	Completion date	Date capital payments began
Anthony Henday - South East Edmonton Ring Road	Access Roads Edmonton Ltd. (a consortium of companies)	January 2005	October 2007	November 2007
Stoney Trail - North East Calgary Ring Road	Stoney Trail Group (a consortium of companies)	February 2007	October 2009	November 2009
Anthony Henday - North West Edmonton Ring Road	NORTHWESTCONNECT GENERAL PARTNERSHIP (a consortium of companies)	July 2008	October 2011	November 2011
Stoney Trail - South East Calgary Ring Road	CHINOOK ROADS PARTNERSHIP (a consortium of companies)	March 2010	November 2013	November 2013

The calculation of the liabilities under public private partnerships is as follows:

	2014	2013
Liabilities, beginning of year	$ 1,597,222	$ 1,385,026
Additions to liabilities during the year	230,846	233,172
Principal payments	(23,391)	(20,976)
Liabilities, end of year	$ 1,804,677	$ 1,597,222

NOTE 9 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
Capital Investment		
Construction Contracts and Service Agreements	$ 963,580	$ 658,696
Expense		
Maintenance Contracts and Service Agreements	955,065	610,117
Grants	659,912	1,401,558
Obligations under public private partnerships		
Operation and maintenance payments	3,500,413	1,913,626
Progress Payments	499,972	789,635
Capital Payments	2,213,612	2,237,525
	$ 8,792,554	$ 7,611,157

Estimated payment requirements for each of the next five years and thereafter as follows:

Obligations Under Operating Leases, Contracts and Programs

	Capital Payments	Expense		
	Construction Contracts and Service Agreements	Maintenance Contracts and Service Agreements	Grants	Total
2014-15	$ 574,521	$ 260,157	$ 384,206	$ 1,218,884
2015-16	272,500	181,083	238,357	691,940
2016-17	101,669	143,123	14,039	258,831
2017-18	7,407	84,251	23,310	114,968
2018-19	3,627	63,714	-	67,341
Thereafter	3,856	222,737	-	226,593
	$ 963,580	$ 955,065	$ 659,912	$ 2,578,557

NOTE 9 CONTRACTUAL OBLIGATIONS (continued)

(in thousands)

Obligations under Capital Leases and Public Private Partnerships

	Operation, Maintenance and Rehabilitation Payments	Progress Payments	Capital Payments
2014-15	$ 53,994	$ 259,912	$ 98,865
2015-16	55,933	139,277	98,865
2016-17	64,542	100,783	119,726
2017-18	75,777	-	140,587
2018-19	82,698	-	140,587
Thereafter	3,167,469	-	3,296,364
	$ 3,500,413	$ 499,972	$ 3,894,994
Less amount representing interest			(1,681,382)
Total NPV of capital payments at scheduled completion date			$ 2,213,612

NOTE 10 CONTINGENT LIABILITIES

(in thousands)

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2014 accruals totaling $12,171 (2013 - $20,217) have been recorded as a liability. The total amount claimed for all likely claims is $163,866 (2013 - $161,235). Included in the total likely claims are claims in which the Department has been jointly named with other departments. The accrual provided for these claims represents the Department's portion of the liability. Included in the total likely claims are claims covered in whole or in part by the Alberta Risk Management Fund. The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

The Department has been named in ninety-seven (2013 – eighty-four) claims of which the outcome is not determinable. Of these claims, sixty-two (2013 – seventy-three) have specified amounts totaling $5,155,666 (2013 – $5,514,104). The remaining thirty-five (2013 – eleven) claims have no amounts specified. Included in the total claims, forty-one claims totaling $51,059 (2013 – forty-eight claims totaling $95,508) are covered in whole or in part by the Alberta Risk Management Fund. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

NOTE 11 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

Trust funds under the Department's administration were as follows:

	2014	2013
Impaired Driving Initiatives Trust Fund	$ 552	$ 494
	$ 552	$ 494

The Impaired Driving Initiatives Trust Fund holds fines from individuals convicted of impaired driving. Trust funds are used for education programs.

NOTE 12 PAYMENTS UNDER AGREEMENT

(in thousands)

The Department has entered into agreements to deliver programs and services that are partly funded by the Government of Canada, the Kananaskis Improvement District and private companies. Costs incurred under these agreements are made by the Department under authority in Section 25 of the *Financial Administration Act*.

Amounts paid and payable under agreements with program sponsors are as follows:

	2014	2013
Kananaskis Improvement District (program sponsor) Roadway maintenance	$ 73	$ 73
	$ 73	$ 73

NOTE 13 BENEFIT PLANS

(in thousands)

The Department participates in the multi-employer pension plans: Management Employee Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $8,846 for the year ended March 31, 2014 (2013 - $8,014). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of $50,457 (2012 - deficiency $303,423) and the Public Service Pension Plan reported a deficiency of $1,254,678 (2012 - deficiency $1,645,141). At December 31, 2013, the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $12,384 (2012 - deficiency $51,870).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of $75,200 (2013 - surplus $51,717) and the Management, Opted Out and Excluded Plan an actuarial surplus of $24,055 (2013 - surplus $18,327). The expense for these two plans is limited to the employer's annual contribution for the year.

NOTE 14 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
REVENUES
Year ended March 31, 2014

Schedule 1

	2014		2013
	Constructed Budget	Actual	Actual
		(in thousands)	
Government Transfers - Federal Grants			
Federal Gas Tax Fund	$ 199,503	$ 195,344	$ 199,492
Building Canada - Communities/Base Component	22,059	16,136	23,906
Building Canada - Major Infrastructure Component	3,236	3,236	1,763
Canadian Strategic Infrastructure Fund	4,839	4,839	4,122
Infrastructure Stimulus Fund	4,221	4,221	4,221
Other	420	642	979
	234,278	224,418	234,483
Premiums, Fees and Licenses			
Motor Transport Services & Other Premiums	22,000	30,084	29,011
Other Revenue			
Refunds of Expenditure	1,475	2,829	4,907
Tourism Highway Signage Initiative	1,500	706	617
Cost Recoveries	-	6,750	6,125
Contributions	4,393	2,038	2,005
Donated Tangible Capital Assets	-	2,345	1,924
Gain from Disposals of Tangible Capital Assets	-	87	108
Miscellaneous	645	7,541	5,070
	8,013	22,296	20,756
	$ 264,291	$ 276,798	$ 284,250

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
CREDIT OR RECOVERY
Year ended March 31, 2014

Schedule 2

	2014				
	Authorized	Actual Revenue Recognized	Deferred Revenue	Actual Cash/ Donation Received/ Receivable	(Shortfall)/ Excess
			(in thousands)		
Operational					
Motor Transport Permits and Licences	3,300	2,995	-	2,995	(305)
Strategic Highway Infrastructure Program	101	101	-	101	-
National Safety Code	420	420	-	420	-
Bridge Maintenance	20	20	-	20	-
	$ 3,841	$ 3,536	$ -	$ 3,536	$ (305) (1)
Capital - Voted					
Provincial Highway Systems	3,254	807	198	1,005	(2,249)
Water Management Infrastructure	670	-	592	592	(78)
Tourism Highway Signage Initiative	1,500	706	-	706	(794)
	$ 5,424	$ 1,513	$ 790	$ 2,303	$ (3,121) (1)

(1) Shortfall is deducted from current year's authorized spending, as disclosed in Schedule 5 to the financial statements.

Motor Transport Permits and Licences
A portion of the revenue for Motor Transport Permits and Licenses has been allocated to credit or recovery. This revenue partially offsets expenditures made to accommodate Alberta's increasing traffic volumes.

Strategic Highway Infrastructure Program
The Federal Government is contributing to the Advanced Traveller Information System Strategy.

National Safety Code
The Federal Government provides financial support to the provincial and territorial jurisdictions to achieve consistent implementation and maintenance of the Safety Fitness Framework and the NSC Standards. The Federal Government has agreed to pay $420 per year for 6 years beginning in 2009-10 and terminating in 2014-15.

Bridge Maintenance
Canadian Forest Products Ltd. is contributing to the maintenance of the Dunvegan Bridge by providing $200 of funding over 10 years beginning in 2007-08.

Provincial Highway Systems
The private sector and municipalities are contributing to the capital investment in new roads, bridges, interchanges and High Load Corridor in the province.

Water Management Infrastructure
The Special Areas Water Board is contributing $1.8 million for an Environmental Impact Assessment to be completed over 3 years ending in 2016-17.

Tourism Highway Signage Initiative
The private sector is contributing to the capital investment in new tourism highway-sign structures in the province.

The above credits or recoveries are included in the Statement of Operations.

DEPARTMENT OF TRANSPORTATION Schedule 3
SCHEDULE TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2014

	2014		2013
	Constructed Budget	Actual	Actual
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 70,134	$ 66,059	$ 62,833
Supplies and Services	419,589	457,787	427,871
Grants	825,874	793,823	979,807
Financial Transactions and Other	67,306	77,829	62,717
Amortization of Tangible Capital Assets and Consumption of Inventory	475,361	479,855	465,130
	$ 1,858,264	$ 1,875,353	$ 1,998,358

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
BUDGET
Year ended March 31, 2014

Schedule 4

	2013-14 Estimates	Adjustments to Conform to Accounting Policy	2013-14 Constructed Budget
		(in thousands)	
Revenues			
Government Transfers - Federal Grants	$ 420	$ 233,858	$ 234,278
Premiums, Fees and Licences	19,000	3,000	22,000
Other Revenue	2,120	5,893	8,013
	21,540	242,751	264,291
Expenses - Directly Incurred			
Programs			
Ministry Support Services	29,063	-	29,063
Program Services and Support	28,569	-	28,569
Traffic Safety Services	29,452	-	29,452
Grant to Alberta Transportation Safety Board	2,414	-	2,414
Provincial Highway Maintenance and Preservation	863,989	12,000	875,989
Municipal Transportation Grant Programs	-	520,800	520,800
Municipal Water Infrastructure Grant Programs	-	75,000	75,000
Federal Grant Programs	-	229,781	229,781
Debt Servicing	-	67,196	67,196
	953,487	904,777	1,858,264
Net Operating Results	$ (931,947)	$ (662,026)	$ (1,593,973)
Capital Spending	$ 2,226,738	$ (904,777)	$ 1,321,961
Financial Transactions	$ 63,914	$ -	$ 63,914

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2014

Schedule 5

	Voted Estimates [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimates	Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Program - Operational						
1 Ministry Support Services						
1.1 Minister's Office	$ 707	$ -	$ -	$ 707	$ 610	$ 97
1.2 Deputy Minister's Office	649	-	-	649	659	(10)
1.3 Communications	780	-	-	780	1,017	(237)
1.4 Strategic Services	26,927	-	-	26,927	26,805	122
	29,063	-	-	29,063	29,091	(28)
2 Program Services and Support	28,569	-	101	28,670	28,759	(89)
3 Traffic Safety Services	29,452	-	-	29,452	27,450	2,002
4 Grant to Alberta Transportation Safety Board	2,414	-	-	2,414	2,414	-
5 Provincial Highway Maintenance and Preservation						
5.1 Maintenance	274,701	-	-	274,701	281,306	(6,605)
5.2 P3 Maintenance	50,701	-	-	50,701	46,066	4,635
5.3 Preservation	50,854	45,502	-	96,356	87,342	9,014
5.4 Assessment and Support Systems	12,372	-	-	12,372	11,225	1,147
	388,628	45,502	-	434,130	425,939	8,191
16 2013 Alberta Flooding						
16.2 Water and Wastewater Infrastructure Recovery	-	6,000	-	6,000	5,371	629
Credit or Recovery Shortfall (Schedule 2)	-	-	(305)	(305)	-	(305)
Total	$ 478,126	$ 51,502	$ (204)	$ 529,424	$ 519,024	$ 10,400
Lapse/(Encumbrance)						$ 10,400

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2014

Schedule 5

	Voted Estimates [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimates	Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Program - Capital						
1 Ministry Support Services						
1.4 Strategic Services	5,009	-	(417)	4,592	4,215	377
5 Provincial Highway Maintenance and Preservation						
5.4 Assessment and Support Systems	12,000	-	-	12,000	19,559	(7,559)
6 Capital for Emergent Projects	16,000	-	(253)	15,747	3,271	12,476
7 Municipal Transportation Grant Programs						
7.1 Alberta Municipal Infrastructure Program	-	-	-	-	1,442	(1,442)
7.2 Basic Municipal Transportation Grant	320,800	-	-	320,800	248,914	71,836
7.3 Strategic Transportation Infrastructure Program	-	-	-	-	11,560	(11,560)
7.4 Green Transit Incentives Program (GreenTRIP)	200,000	-	-	200,000	216,031	(16,031)
	520,800	-	-	520,800	477,947	42,853
8 Municipal Water Infrastructure Grant Programs						
8.1 Municipal Water Wastewater Program	25,000	-	-	25,000	14,395	10,605
8.2 Water for Life	50,000	-	-	50,000	64,463	(14,463)
	75,000	-	-	75,000	78,858	(3,858)
9 Federal Grant Programs						
9.1 Building Canada - Gas Tax Fund	199,503	-	-	199,503	195,344	4,159
9.2 Building Canada - Communities Component	30,278	-	-	30,278	17,581	12,697
9.3 Other Federal Programs	-	-	-	-	-	-
	229,781	-	-	229,781	212,925	16,856
10 Ring Roads						
10.1 Edmonton Ring Road	270,162	-	259	270,421	233,116	37,305
10.2 Calgary Ring Road	103,251	-	27,943	131,194	174,900	(43,706)
	373,413	-	28,202	401,615	408,016	(6,401)
11 Northeast Alberta Strategic Projects						
11.1 Highway 63 Twinning	240,410	-	(37,142)	203,268	234,193	(30,925)
11.2 Fort McMurray Urban Area Upgrades	30,608	-	21,033	51,641	80,927	(29,286)
	271,018	-	(16,109)	254,909	315,120	(60,211)

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2014

Schedule 5

	Voted Estimates [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimates	Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
12 Provincial Highway Construction Projects						
12.1 Highway Twinning, Widening and Expansion	64,483	-	26,063	90,546	129,943	(39,397)
12.2 Interchanges, Intersections and Safety Upgrades	113,849	-	(7,932)	105,917	65,036	40,881
	178,332	-	18,131	196,463	194,979	1,484
13 Bridge Construction Projects	42,718	-	5,168	47,886	41,788	6,098
14 Provincial Highway Rehabilitation						
14.1 Highway Rehabilitation Projects	130,000	-	2,459	132,459	68,846	63,613
14.2 P3 Rehabilitation	4,141	-	-	4,141	2,405	1,736
	134,141	-	2,459	136,600	71,251	65,349
15 Water Management Infrastructure	10,000	-	2,037	12,037	12,056	(19)
16 2013 Alberta Flooding	-	-	-	-	-	-
16.1 Highways and Bridges Infrastructure Recovery	-	23,560	-	23,560	3,344	20,216
16.2 Water and Wastewater Infrastructure Recovery	-	6,000	-	6,000	390	5,610
	-	29,560	-	29,560	3,734	25,826
Debt Servicing						
10 Ring Roads						
10.3 Debt Servicing	67,196	-	-	67,196	65,564	1,632
Credit or Recovery Shortfall (Schedule 2)	-	-	(3,121)	(3,121)	-	(3,121)
Total	$ 1,935,408	$ 29,560	$ 36,097	$ 2,001,065	$ 1,909,283	$ 91,782
Lapse/(Encumbrance)						$ 91,782

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LAPSE/ENCUMBRANCE
Year ended March 31, 2014

Schedule 5

	Voted Estimates [1]	Supplementary Estimate [2]	Adjustments [3]	Adjusted Voted Estimates	Actuals [4]	Unexpended (Over Expended)
			(in thousands)			
Financial Transactions						
5 Provincial Highway Maintenance and Preservation						
5.5 Salt, Sand and Gravel	40,000	10,000	-	50,000	49,351	649
10 Ring Roads						
10.4 Debt Repayment	23,914	-	-	23,914	23,391	523
Total	$ 63,914	$ 10,000	$ -	$ 73,914	$ 72,742	$ 1,172
Lapse/(Encumbrance)						$ 1,172

(1) As per "Operational Vote by Program", "Voted Capital Vote by Program" and "Financial Transactions Vote by Program" pages 220-221 of 2013-14 Government Estimates
(2) Per the Supplementary Supply Estimates approved on December 11, 2013 and March 13, 2014.
(3) Adjustments include encumbrances, capital carry forward amounts and credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding Voted Estimate in the current year.
(4) Actuals exclude non-voted amounts such as amortization and valuation adjustments.

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
LOTTERY FUND ESTIMATES
Year ended March 31, 2014

Schedule 6

	2013-14 Lottery Fund Estimates	2013-14 Actual	*Unexpended (Over Expended)*
		(in thousands)	
Provincial Highway Preservation	$ 40,000	$ 40,000	$ -
	$ 40,000	$ 40,000	$ -

The revenue of the Lottery Fund was transferred to the Department of Treasury Board and Finance on behalf of the General Revenue Fund in 2013-14. Having been transferred to the General Revenue Fund, these monies then become part of the Department's supply vote. This table shows details of the initiatives within the Department that are funded by the Lottery Fund and compares it to the actual results.

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2014

Schedule 7

	2014				2013
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Deputy Minister [4] [5]	$ 267,932	$ 3,549	$ 19,785	$ 291,266	$344,912
Assistant Deputy Ministers					
Safety, Policy and Engineering	192,891	38,802	56,947	288,640	270,037
Engineering Services [6]	162,468	280,366	46,441	489,275	229,492
Delivery Services [5]	177,020	1,850	22,133	201,003	240,935
Corporate Services and Information[7]	50,045	1,850	15,902	67,797	237,808
Flood Recovery Task Force [8]	153,042	47,600	46,167	246,809	-
Executive Directors					
Finance [9]	70,001	-	19,390	89,391	138,123
Human Resources [5] [10]	156,328	40,326	44,824	241,478	189,988

(1) Base salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payouts, lump sum payments, and severance. There were no bonuses paid in 2014.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.
(4) Automobile provided to current incumbent, no dollar amount included in other non-cash benefits. Automobile allowance was provided to previous incumbent and the dollar amounts are included in other cash benefits.
(5) The position was occupied by two individuals at different times during the year.
(6) Position was deleted on February 10, 2014.
(7) The position was occupied by two individuals at different times during the year and was vacant from June 1, 2013 to February 10, 2014.
(8) Position created on July 8, 2013.
(9) The position was occupied by three individuals and was vacant at different times during the year.
(10) The incumbent's services are shared with the Department of Infrastructure which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

DEPARTMENT OF TRANSPORTATION **Schedule 8**
SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2014
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Ministry.

The Department and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2014	2013
Expenses - Directly Incurred		
Grant to Alberta Transportation Safety Board	2,414	1,661
	$ 2,414	$ 1,661

	Other Entities	
	2014	2013
Expenses - Directly Incurred		
Business and Technology Services	$ 3,151	$ 2,735
SUCH[1] Sector Entities	1,147	809
Parking	6	5
Insurance	353	454
Air Maps and Photos	4	9
	$ 4,661	$ 4,012
Net Tangible Capital Assets Transferred	$ 10,022	$ 27,666

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 9.

	Entities in the Ministry	
	2014	2013
Revenue		
Financial Services	$ 170	$ 170
Human Resources	112	112
Information Technology	103	103
	$ 385	$ 385

	Other Entities	
	2014	2013
Revenue		
Road/Bridge Maintenance	$ 5,563	$ 5,909
Expenses - Incurred by Others (Schedule 9)		
Accommodation	$ 8,216	$ 8,919
Air Transportation/Executive Vehicles	68	58
Business Services	5,576	5,661
Legal Services	1,728	1,529
	$ 15,588	$ 16,167

[1] SUCH - Schools, Universities, Colleges and Hospitals

DEPARTMENT OF TRANSPORTATION
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2014
(in thousands)

Schedule 9

	2014					2013
		Expenses - Incurred by Others				
Program	Expenses [1]	Accommodation Costs [2]	Business Services [3]	Legal Services [4]	Total Expenses	Total Expenses
Ministry Support Services	$ 29,365	$ 1,085	$ 5,644	$ 679	$ 36,773	$ 34,497
Program Services and Support	$ 29,072	5,030	-	456	34,558	33,193
Traffic Safety Services	$ 27,299	2,101	-	593	29,993	29,898
Grant to Alberta Transportation Safety Board	$ 2,414	-	-	-	2,414	1,661
Provincial Highway Maintenance and Preservation	$ 943,071	-	-	-	943,071	935,736
Municipal Transportation Grant Programs	$ 477,947	-	-	-	477,947	512,395
Municipal Water Infrastructure Grant Programs	$ 78,858	-	-	-	78,858	167,876
Federal Grant Programs	$ 213,092	-	-	-	213,092	236,765
2013 Alberta Flooding: Non Disaster Recovery Program	$ 8,671	-	-	-	8,671	-
Debt Servicing	$ 65,564	-	-	-	65,564	62,367
	$ 1,875,353	$ 8,216	$ 5,644	$ 1,728	$ 1,890,941	$ 2,014,388

(1) Expenses - Directly Incurred as per Statement of Operations.
(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 8, allocated by number of employees in program.
(3) Costs shown for Business Services include charges for financial and information technology support, internal audit and vehicles and air transportation.
(4) Cost shown for Legal Services on Schedule 8, allocated by estimated costs incurred by each program.

Alberta Transportation Safety Board Financial Statements

For the years ended March 31, 2014 and March 31, 2013

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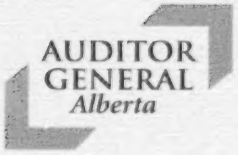
Independent Auditor's Report



To the Chair of Alberta Transportation Safety Board

Report on the Financial Statements

I have audited the accompanying financial statements of Alberta Transportation Safety Board, which comprise the statements of financial position as at March 31, 2014 and March 31, 2013, and the statements of operations and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Alberta Transportation Safety Board as at March 31, 2014 and March 31, 2013, and the results of its operations, its remeasurement gains and losses, and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 17, 2014

Edmonton, Alberta

ALBERTA TRANSPORTATION SAFETY BOARD
STATEMENTS OF OPERATIONS
Year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
		(in thousands)	
Revenues			
Transfer from Department of Transportation	$ 2,414	$ 2,414	$ 1,661
Expenses			
Administration	1,744	1,399	1,282
Community Board Members	670	392	384
	2,414	1,791	1,666
Net Operating Results	$ -	$ 623	$ (5)

The accompanying notes and schedules are part of these financial statements.

ALBERTA TRANSPORTATION SAFETY BOARD
STATEMENTS OF FINANCIAL POSITION
As at March 31, 2014

	2014	2013
	(in thousands)	
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 171	$ 165
	$ 171	$ 165
NET ASSETS		
Net Assets at Beginning of Year	$ (165)	$ (143)
Net Operating Results	623	(5)
Net Financing Provided from Department of Transportation	(629)	(17)
Net Assets at End of Year	(171)	(165)
	$ -	$ -

Contractual obligations (Note 4)

The accompanying notes and schedules are part of these financial statements.

ALBERTA TRANSPORTATION SAFETY BOARD
STATEMENTS OF CASH FLOWS
As at March 31, 2014

	2014	2013
	(in thousands)	
Operating Transactions		
Net Operating Results	$ 623	$ (5)
Non-cash items included in Net Operating Results:		
Valuation Adjustments	(30)	5
	593	-
Increase in Accounts Payable and Accrued Liabilities	36	17
Cash Provided by Operating Transactions	629	17
Financing Transactions		
Net Financing Provided from Department of Transportation	(629)	(17)
Cash Applied to Financing Transactions	(629)	(17)
Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents, Beginning of Year	-	-
Cash and Cash Equivalents, End of Year	$ -	$ -

The accompanying notes and schedules are part of these financial statements.

ALBERTA TRANSPORTATION SAFETY BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

NOTE 1 AUTHORITY AND PURPOSE

The Alberta Transportation Safety Board (Board) is a Provincial Agency established in 2003 pursuant to Section 22 of the *Traffic Safety Act*.

The Alberta Transportation Safety Board is the final and administrative authority for making operator license determinations. The Board handles appeals of license suspensions and vehicle seizures from the Registrar's Office and hearings under the *Railway (Alberta) Act*. While the Board reports to the Minister of Transportation, decisions are made independently in accordance with the *Traffic Safety Act* and the *Railway (Alberta) Act*.

The Board is exempt from income taxes under the *Income Tax Act*.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

(a) Reporting Entity

The reporting entity is the Alberta Transportation Safety Board, which is part of the Ministry of Transportation and for which the Minister of Transportation is accountable. The other entity reporting to the minister is the Department of Transportation. The activities of the Department are not included in these financial statements. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the President of Treasury Board and Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing provided from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenue accounting policy

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as deferred revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Government Transfers

Transfers from the Government of Alberta, federal and other governments are referred to as government transfers.

Government transfers are recorded as deferred revenue if the terms of the transfer, or the stipulations together with the Board's actions and communications as to the use of transfers create a liability.

All other government transfers, without terms for the user of the transfer, are recorded as revenue when the Board is eligible to receive the funds.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Directly Incurred

Directly incurred expenses are those costs the Board has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.

Incurred by Others

Services contributed by other entities in support of the Board operations are not recognized and are disclosed in Schedule 3.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Basis of Financial Reporting (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Board and its liabilities.

Canadian Public Sector Accounting Standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Board operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts payable, and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 3 Future Accounting Changes

PS 3260 Liability for Contaminated Sites

In June 2010 the Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Ministry would recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. Management does not expect the implementation of this standard to have a significant impact on the financial statements.

NOTE 4 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Board to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
Contracts: 2014-15	54	-
	$ 54	$ -

NOTE 5 BENEFIT PLANS

(in thousands)

The Board participates in the multi-employer pension plans: Management Employee Pension Plan, Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense of these pension plans is equivalent to the annual contributions of $91 for the year ended March 31, 2014 (2013 - $70). Ministries are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2013, the Management Employees Pension Plan reported a surplus of $50,457 (2012 - deficiency $303,423) and the Public Service Pension Plan reported a deficiency of $1,254,678 (2012 - deficiency $1,645,141). At December 31, 2013, the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $12,384 (2012 - deficiency $51,870).

The Board also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of $75,200 (2013 - surplus $51,717) and the Management, Opted Out and Excluded Plan an actuarial surplus of $24,055 (2013 - surplus $18,327). The expense for these two plans is limited to the employer's annual contribution for the year.

NOTE 6 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified to conform to the 2014 presentation.

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Chair, Alberta Transportation Safety Board.

ALBERTA TRANSPORTATION SAFETY BOARD **Schedule 1**
SCHEDULES TO FINANCIAL STATEMENTS
EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
Year ended March 31, 2014

	2014		2013
	Budget	Actual	Actual
	(in thousands)		
Salaries, Wages and Employee Benefits	$ 1,094	$ 1,017	$ 978
Supplies and Services	1,320	774	688
	$ 2,414	$ 1,791	$ 1,666

ALBERTA TRANSPORTATION SAFETY BOARD
SCHEDULES TO FINANCIAL STATEMENTS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2014

Schedule 2

	2014				2013
	Base Salary[1]	Other Cash Benefits[2]	Other Non-cash Benefits[3]	Total	Total
Chair, Alberta Transportation Safety Board	$ 176,666	$ 55,898	$ 4,757	$ 237,321	$ 177,831

(1) Base salary includes regular salary and earnings such as acting pay.
(2) Other cash benefits include vacation payouts and lump sum payments. There were no bonuses paid in 2014.
(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

ALBERTA TRANSPORTATION SAFETY BOARD
SCHEDULES TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS
Year ended March 31, 2014
(in thousands)

Schedule 3

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Board.

The Board and its employees paid or collected certain taxes and fees set by regulation for premiums, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Board had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry	
	2014	2013
Revenue		
Grant from Department of Transportation	$ 2,414	$ 1,661

The Board also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These expense amounts are not recorded in the financial statements but are disclosed in Schedule 4.

	Entities in the Ministry	
	2014	2013
Expenses - Incurred by Others (Schedule 4)		
Financial Services	$ 170	$ 170
Human Resources	112	112
Information Technology	103	103
	$ 385	$ 385

	Other Entities	
	2014	2013
Expenses - Incurred by Others (Schedule 4)		
Accommodation	$ 118	$ 128
Legal Services	3	9
	$ 121	$ 137

ALBERTA TRANSPORTATION SAFETY BOARD
SCHEDULES TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2014
(in thousands)

Schedule 4

	2014					2013
		Expenses - Incurred by Others				
Program	Expenses [1]	Business Services [2]	Accommodation	Legal Services	Total Expenses	Total Expenses
Administration	$ 1,399	$ 385	$ 118	$ 3	$ 1,905	$ 1,804
Community Board Members	392	-	-	-	392	384
	$ 1,791	$ 385	$ 118	$ 3	$ 2,297	$ 2,188

(1) Expenses - Directly Incurred as per Statement of Operations.
(2) Costs shown for Business Services include charges for Financial Services, Human Resources, and Information Technology.

OTHER INFORMATION

APPENDIX A – PERFORMANCE MEASURES METHODOLOGY

Measure 1.a – Ring roads in Edmonton and Calgary: Percentage of combined ring road kilometres open to travel

The measure is based on construction project data supplied by the engineering consultants supervising the ring road construction. The percentage is calculated by totalling the number of kilometres multi-lane roadway open to travel versus the total kilometres of ring road (178.4 kilometres). Length of Calgary and Edmonton ring roads is estimated based on information from planning studies. When highway is constructed and open to travel, the completion length is calculated using As-Built data. This could cause a small variation between the target and the result.

Measure 1.b – Highway 63 Twinning between Grassland and Fort McMurray: Percentage of twinned highway kilometres open to travel

The measure is based on construction project and highway network data. The percentage is calculated by totalling the number of kilometres twinned and open to travel versus the total kilometres on Highway 63 between Grassland and Fort McMurray (approximately 240 kilometres).

Measure 2.a – Physical Condition of Provincial Highway Surfaces

An external consultant is contracted to conduct the collection of data to ensure the objectivity of results.

The identification of highways as *good, fair, or poor* relies on criteria established as a result of the University of Calgary's comprehensive research study on road conditions and other performance measures conducted for the Ministry in 2002.

The study's recommendations resulted in the establishment of condition threshold values. Condition threshold values are defined as the boundary between categories of *good-fair* and *fair-poor*, and are set using a proactive life cycle analysis approach. The values are categorized by highway classification and are compiled into one-kilometre segments.

Alberta Transportation Standards

Condition	110km/h Highway Group	Other Highway Group
Good	Average IRI <1.5m/km	Average IRI <1.5m/km
Fair	≥1.5m/km Average IRI <1.9m/km	≥1.5m/km Average IRI <2.1m/km
Poor	≥1.9m/km Average IRI	≥2.1m/km Average IRI

These threshold values are the same threshold values identified in the 2002 report. This is for consistency reason in gauging the condition trend over time.

After existing *good, fair, poor* segments are identified, anticipated work activities and pavement deterioration rates are used to determine future performance targets.

The IRI for all highways is obtained through data collected annually by an external consultant for the Ministry.

The consultant calculates the average IRI value over every 50-metre segment of the Alberta highway network. This detailed data is further averaged over one-kilometre sections to provide an assessment of condition over practical lengths.

Measure 3.a *– Client Satisfaction Survey: Percentage of municipal clients satisfied with overall quality of service (biennial survey)*

Transportation's aim is to conduct the client satisfaction survey every second year to measure the satisfaction of municipal partners with the Ministry's service for municipal grant programs.

An external consultant is contracted to conduct the survey to ensure the objectivity of results. Municipal clients are defined as organizations that have interacted with Ministry staff regarding municipal grant programs during the survey calendar year, primarily from municipalities and towns.

Respondents are asked to rate on a scale of 1 to 6 (1 being very unsatisfied to 6 being very satisfied) their satisfaction with Municipal Grant Programs on the following eight key service areas:

- Clarity of written materials
- Ease of access to information
- Ease of access to services
- Consistency of services
- Timeliness of service delivery
- Proficiency of staff
- Courtesy of staff
- Overall quality of services

Results reported include all those clients who indicated they were '4 – somewhat satisfied,' '5 – satisfied,' and '6 – very satisfied' with the service provided.

In 2013, there were a total of 206 surveys completed and returned for a response rate of 59.3 per cent.

Data analysis includes cross-tabulation of quantitative data, whereby the frequency and percentage distribution of the results for each question were broken down based on client location and client sector. It also included coding of open-ended questions.

On average, the results are accurate within plus or minus 4.4 per cent, 19 times out of 20.

Measure 4.a *– Combined fatal and major injury collision rate per 100,000 population*

Data for this measure was taken from the Ministry's Alberta Collision Information System (ACIS). The results for the measure are based on a calendar year. Collisions include those that result in the death of a person within 30 days of the collision or in a major injury (persons with injuries or complaint of pain that went to the hospital and were subsequently admitted even if for observation only) to at least one person involved in the collision.

Data is compiled from collision reports completed by the attending law enforcement officer where the collision resulted in death or major injury to at least one person. The final collision rate reported is based on a rolling three-year average. The following calculation is used to determine the individual collision rate for each year: *Number of Combined Fatal and Major Injury Collisions / Population * 100,000.* Rates are then averaged to represent a rolling three-year average using the following calculation:

$$\frac{\text{(Year One Rate per 100,000 Population + Year Two Rate per 100,000 Population + Year Three Rate per 100,000 Population)}}{3}$$

APPENDIX B – STATUTORY REPORT

Public Interest Disclosure Act

Section 32 of the public interest *Public Interest Disclosure Act* requires the Ministry to report annually on the following parts of the Act:

(a) the number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;

(b) the number of investigations commenced by the designated officer as a result of disclosures;

(c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2013-14 for the Ministry, there were no disclosures of wrongdoing filed with the Public Interest Disclosure Office.

For a PDF of this annual report, visit the Government of Alberta website: www.transportation.alberta.ca/Content/Publications/production/AnnualReport2013-14.pdf

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